THE SENATE OF CANADA

SPEAKER: Hon. J. H. KING, P.C.

Official Report of Debates

1947-1948

Editor: H. H. EMERSON, C.S.R., Room 236, The Senate

Reporters: B. P. LAKE, C.S.R., G. B. HAGEN, C.S.R.
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Translators: THE BUREAU FOR TRANSLATIONS

FOURTH SESSION—TWENTIETH PARLIAMENT
11-12 GEORGE VI

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY
1948

THE CANADIAN MINISTRY

According to Precedence as at November 10, 1947

THE RIGHT HONOURABLE WILLIAM LYON MACKENZIE KING, C.M.G. ..... Prime Minister, President of the Privy Council.

THE RIGHT HONOURABLE IAN ALISTAIR MACKENZIE, K.C. ..... Minister of Veterans Affairs.

THE RIGHT HONOURABLE JAMES LORIMER ILSLEY, K.C. ..... Minister of Justice and Attorney General.

THE RIGHT HONOURABLE CLARENCE DECATUR HOWE ..... Minister of Reconstruction and Supply.

THE RIGHT HONOURABLE JAMES GARFIELD GARDINER ..... Minister of Agriculture.

THE HONOURABLE JAMES ANGUS MACKINNON ..... Minister of Trade and Commerce.

THE HONOURABLE COLIN GIBSON, M.C., K.C., V.D ..... Secretary of State.

THE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT, K.C. ..... Secretary of State for External Affairs.

THE HONOURABLE HUMPHREY MITCHELL ..... Minister of Labour.

THE HONOURABLE ALPHONSE FOURNIER, K.C. ..... Minister of Public Works.

THE HONOURABLE ERNEST BERTRAND, K.C. ..... Postmaster General.

THE HONOURABLE BROOKE CLAXTON, K.C. ..... Minister of National Defence.

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THE HONOURABLE JOSEPH JEAN, K.C. .. Solicitor General.

THE HONOURABLE LIONEL CHEVRIER, K.C. ..... Minister of Transport.

THE HONOURABLE PAUL JOSEPH JAMES MARTIN, K.C. ..... Minister of National Health and Welfare.

5853—1½

THE HONOURABLE DOUGLAS CHARLES ABBOTT, K.C. ..... Minister of Finance.

THE HONOURABLE JAMES J. McCANN, M.D., C.M. ..... Minister of National Revenue and Minister of National War Services.

THE HONOURABLE WISHART McL. ROBERTSON ..... Minister without Portfolio, and Leader of the Government in the Senate.

THE HONOURABLE MILTON FOWLER GREGG, V.C. ..... Minister of Fisheries.

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

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Assistant Clerk of the Privy Council ... A. M. HILL, Esquire.

Assistant Secretary to the Cabinet ..... J. R. BALDWIN, Esquire.

SENATORS OF CANADA

ACCORDING TO SENIORITY

DECEMBER 5, 1947

THE HONOURABLE JAMES H. KING, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JAMES J. DONNELLY	South Bruce	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal, Que.
THOMAS JEAN BOURQUE	Richibucto	Richibucto, N.B.
GERALD VERNER WHITE, C.B.E.	Pembroke	Pembroke, Ont.
JOHN ANTHONY MCDONALD	Shediac	Shediac, N.B.
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
SIR ALLEN BRISTOL AYLESWORTH, P.C. K.C.M.G.	North York	Toronto, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.	Westmorland	Sackville, N.B.
JOHN PATRICK MOLLOY	Provencher	Winnipeg, Man.
DANIEL E. RILEY	High River	High River, Alta.
WILLIAM H. MCGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES MURDOCK, P.C.	Parkdale	Ottawa, Ont.
JOHN EWEN SINCLAIR, P.C.	Queen's	Emerald, P.E.I.
JAMES H. KING, P.C. (Speaker)	Kootenay, East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
CHARLES COLQUHOUN BALLANTYNE, P.C.	Alma	Montreal, Que.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
LUCIEN MORAUD	La Salle	Quebec, Que.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN L. P. ROBICHEAU	Digby-Clare	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.	Cardigan	Cardigan, P.E.I.
DONALD SUTHERLAND, P.C.	Oxford	Ingersoll, Ont.
IVA CAMPBELL FALLIS	Peterborough	Peterborough, Ont.
GEORGE B. JONES, P.C.	Royal	Apohaqui, N.B.
ANTOINE J. LÉGER	L'Acadie	Moncton, N.B.
HENRY A. MULLINS	Marquette	Winnipeg, Man.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
EUGÈNE PAQUET, P.C.	Lauzon	Rimouski, Que.
WILLIAM DUFF	Lunenburg	Lunenburg, N.S.
JOHN W. DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
J. FERNAND FAFARD	De la Durantaye	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN	St. Jean Baptiste*	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Prince Albert, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
DONALD MACLENNAN	Margaree Forks	Port Hawkesbury, N.S.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
ELIE BEAUREGARD	Rougemont	Montreal, Que.
ATHANASE DAVID	Sorel	Montreal, Que.
EDOUARD CHARLES ST-PÈRE	De Lanaudière	Montreal, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM JAMES HUSHION	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
J. JOSEPH BENCH	Lincoln	St. Catharines, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCL. ROBERTSON, P.C.	Shelburne	Bedford, N.S.
JOHN FREDERICK JOHNSTON	Central Saskatchewan	Bladworth, Sask.

*Changed to Provencher, April 19, 1948.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Iles	Montreal, Que.
JOSEPH ARTHUR LESAGE	The Gulf	Quebec, Que.
CYRILLE VAILLANCOURT	Kennebec	Levis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	Scotland, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
CHARLES EDOUARD FERLAND	Shawinigan	Joliette, Que.
VINCENT DUPUIS	Rigaud	Longueuil, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queen's-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	King's	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
BREWER ROBINSON	Summerside	Summerside, P.E.I.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland	South Nelson, N.B.
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
JOSEPH RAOUL HURTUBISE	Nipissing	Sudbury, Ont.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWART MCKEEN	Vancouver	Vancouver, B.C.

SENATORS OF CANADA

ALPHABETICAL LIST

DECEMBER 5, 1947

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown,	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BALLANTYNE, C. C., P.C.	Alma	Montreal, Que.
BEAUBIEN, A. L.	St. Jean Baptiste *	St. Jean Baptiste, Man.
BEAUBIEN, C. P.	Montarville	Montreal, Que.
BEAUREGARD, ELIE	Rougemont	Montreal, Que.
BENCH, J. JOSEPH	Lincoln	St. Catharines, Ont.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, TELESPHORE DAMIEN	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI	Grandville	Quebec, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. P.	Toronto	Toronto, Ont.
COPP, A. B., P.C.	Westmorland	Sackville, N.B.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVID, ATHANASE	Sorel	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
DENNIS, W. H.	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, P.Q.
DONNELLY, J. J.	South Bruce	Pinkerton, Ont.
DUFF, WILLIAM	Lunenburg	Lunenburg, N.S.
DUFFUS, J. J.	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Longueuil, P.Q

*Changed to Provencher, April 19, 1948.

5853—2

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUTREMBLAY, PAMPHILE RÉAL	Repentigny	Montreal, Que.
EULER, W. D., P.C.	Waterloo	Kitchener, Ont.
FAFARD, J. F.	De la Durantaye	L'Islet, Que.
FALLIS, IVA CAMPBELL	Peterborough	Peterborough, Ont.
FARRIS, J. W. DE B.	Vancouver South	Vancouver, B.C.
FERLAND, CHARLES EDOUARD	Shawinigan	Joliette, P.Q.
GERSHAW, FRED WILLIAM	Medicine Hat	Medicine Hat, Alta.
GOUIN, L. M.	De Salaberry	Montreal, Que.
HAIG, JOHN T.	Winnipeg	Winnipeg, Man.
HARDY, A. C., P.C.	Leeds	Brockville, Ont.
HAYDEN, S. A.	Toronto	Toronto, Ont.
HORNER, R. B.	Blaine Lake	Blaine Lake, Sask.
HOWARD, C. B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN POWER	St. Boniface	Norwood Grove, Man.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
HURTUBISE, JOSEPH RAOUL	Nipissing	Sudbury, Ont.
HUSHION, W. J.	Victoria	Westmount, Que.
JOHNSTON, J. FREDERICK	Central Saskatchewan	Bladworth, Sask.
JONES, GEORGE, B., P.C.	Royal	Apohaqui, N.B.
KING, J. H., P.C. (Speaker)	Kootenay, East	Victoria, B.C.
KINLEY JOHN JAMES	Queen's-Lunenburg	Lunenburg, N.S.
LACASSE, G.	Essex	Tecumseh, Ont.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LÉGER, ANTOINE J.	L'Acadie	Moncton, N.B.
LESAGE, J. A.	The Gulf	Quebec, Que.
MACDONALD, J. A., P.C.	Cardigan	Cardigan, P.E.I.
MACLENNAN, DONALD	Margaree Forks	Port Hawkesbury, N.S.
MARCOTTE, A.	Ponteix	Ponteix, Sask.
MCDONALD, J. A.	Shediac	Shediac, N.B.
MCDONALD, JOHN ALEXANDER	Kings'	Halifax, N.S.
MCGUIRE, W. H.	East York	Toronto, Ont.
MCINTYRE, JAMES P.	Mount Stewart	Mount Stewart, P.E.I.
MCKEEN, STANLEY STEWART	Vancouver	Vancouver, B.C.
MCLEAN, ALEXANDER NEIL	Southern New Brunswick	Saint John, N.B.
MOLLOY, J. P.	Provencher	Winnipeg, Man.
MORAUD, L.	La Salle	Quebec, Que.
MULLINS, HENRY A.	Marquette	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MURDOCK, JAMES, P.C.	Parkdale	Ottawa, Ont.
NICOL, JACOB	Bedford	Sherbrooke, Que.
PAQUET, EUGÈNE, P.C.	Lauzon	Rimouski, Que.
PATERSON, N. McL.	Thunder Bay	Fort William, Ont.
PIRIE, FREDERICK W.	Victoria-Carleton	Grand Falls, N.B.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, D.	De la Vallière	Montreal, Que.
RILEY, D. E.	High River	High River, Alta.
ROBERTSON, W. McL., P.C.	Shelburne	Bedford, N.S.
ROBICHEAU, J. L. P.	Digby-Clare	Maxwellton, N.S.
ROBINSON, BREWER	Summerside	Summerside, P.E.I.
ROEBUCK, ARTHUR WENTWORTH	Toronto-Trinity	Toronto, Ont.
SINCLAIR, J. E., P.C.	Queen's	Emerald, P.E.I.
STEVENSON, J. J.	Prince Albert	Prince Albert, Sask.
ST-PÈRE, E. C.	De Lanaudière	Montreal, Que.
SUTHERLAND, DONALD, P.C.	Oxford	Ingersoll, Ont.
TAYLOR, WILLIAM HORACE	Norfolk	Scotland, Ont.
TURGEON, JAMES GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Levis, Que.
VENIOT, CLARENCE JOSEPH	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WHITE, G. V., C.B.E.	Pembroke	Pembroke, Ont.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.

5853—2½

SENATORS OF CANADA

BY PROVINCES

DECEMBER 5, 1947

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	JAMES J. DONNELLY	Pinkerton.
2	GERALD VERNER WHITE, C.B.E.	Pembroke.
3	ARTHUR C. HARDY, P.C.	Brockville.
4	SIR ALLEN BRISTOL, AYLESWORTH, P.C., K.C.M.G.	Toronto.
5	WILLIAM H. MCGUIRE	Toronto.
6	GUSTAVE LACASSE	Tecumseh.
7	CAIRINE R. WILSON	Ottawa.
8	JAMES MURDOCK, P.C.	Ottawa.
9	DONALD SUTHERLAND, P.C.	Ingersoll.
10	IVA CAMPBELL FALLIS	Peterborough.
11	NORMAN P. LAMBERT	Ottawa.
12	SALTER ADRIAN HAYDEN	Toronto.
13	NORMAN MCLEOD PATERSON	Fort William
14	JOSEPH JAMES DUFFUS	Peterborough.
15	WILLAIM DAUM EULER, P.C.	Kitchener.
16	WILLIAM RUPERT DAVIES	Kingston.
17	J. JOSEPH BENCH	St. Catharines.
18	GORDON PETER CAMPBELL	Toronto.
19	WILLIAM HORACE TAYLOR	Scotland.
20	CHARLES L. BISHOP	Ottawa.
21	ARTHUR WENTWORTH ROEBUCK	Toronto.
22	JOSEPH RAOUL HURTUBISE	Sudbury
23		
24		

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	CHARLES PHILIPPE BEAUBIEN	Montarville	Montreal.
2	DONAT RAYMOND	De la Vallière	Montreal.
3	CHARLES C. BALLANTYNE, P.C.	Alma	Montreal.
4	LUCIEN MORAUD	La Salle	Quebec.
5	EUGÈNE PAQUET, P.C.	Lauzon	Rimouski.
6	ADRIAN K. HUGESSEN	Inkerman	Montreal.
7	J. FERNAND FAFARD	De la Durantaye	L'Islet.
8	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
9	ELIE BEAUREGARD	Rougemont	Montreal.
10	ATHANASE DAVID	Sorel	Montreal.
11	EDOUARD CHARLES ST-PÈRE	De Lanaudière	Montreal
12	WILLIAM JAMES HUSHION	Victoria	Westmount.
13	LÉON MERCIER GOUIN	De Salaberry	Montreal.
14	THOMAS VIEN, P.C.	De Lorimier	Outremont.
15	PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal.
16	TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
17	ARMAND DAIGLE	Mille Iles	Montreal.
18	JOSEPH ARTHUR LESAGE	The Gulf	Quebec.
19	CYRILLE VAILLANCOURT	Kennebec	Levis.
20	JACOB NICOL	Bedford	Sherbrooke.
21	CHARLES EDOUARD FERLAND	Shawinigan	Joliette.
22	VINCENT DUPUIS	Rigaud	Longueuil.
23	JEAN MARIE DESSUREAULT	Stadacona	Quebec.
24	PAUL HENRI BOUFFARD	Grandville	Quebec.

NOVA SCOTIA—10

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	WILLIAM H. DENNIS	Halifax.
2	FELIX P. QUINN	Bedford.
3	JOHN L. P. ROBICHEAU	Maxwellton.
4	WILLIAM DUFF	Lunenburg.
5	DONALD MACLENNAN	Port Hawkesbury
6	WISHART MCL. ROBERTSON, P.C.	Bedford.
7	JOHN JAMES KINLEY	Lunenburg
8	JOHN ALEXANDER MCDONALD	Halifax.
9		
10		

NEW BRUNSWICK—10

	THE HONOURABLE	
1	THOMAS JEAN BOURQUE	Richibucto.
2	JOHN ANTHONY MCDONALD	Shediac.
3	ARTHUR BLISS COPP, P.C.	Sackville.
4	GEORGE B. JONES, P.C.	Apohaqui.
5	ANTOINE J. LÉGER	Moncton.
6	CLARENCE JOSEPH VENIOT	Bathurst.
7	ALEXANDER NEIL MCLEAN	Saint John.
8	FREDERICK W. PIRIE	Grand Falls.
9	GEORGE PERCIVAL BURCHILL	South Nelson.
10		

PRINCE EDWARD ISLAND—4

	THE HONOURABLE	
1	JOHN EWEN SINCLAIR, P.C.	Emerald.
2	JOHN A. MACDONALD, P.C.	Cardigan.
3	JAMES PETER MCINTYRE	Mount Stewart.
4	BREWER ROBINSON	Summerside.

BRITISH COLUMBIA—6

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	JAMES H. KING, P.C. (Speaker)	Victoria.
2	JOHN W. DE B. FARRIS	Vancouver.
3	JAMES GRAY TURGEON	Vancouver.
4	STANLEY STEWART MCKEEN	Vancouver.
5		
6		

MANITOBA—6

	THE HONOURABLE	
1	JOHN PATRICK MOLLOY	Winnipeg.
2	HENRY A. MULLINS	Winnipeg.
3	JOHN T. HAIG	Winnipeg
4	A. L. BEAUBIEN	St. Jean Baptiste.
5	THOMAS ALEXANDER CRERAR, P.C.	Winnipeg.
6	JOHN POWER HOWDEN	Norwood Grove.

SASKATCHEWAN—6

	THE HONOURABLE	
1	JAMES A. CALDER, P.C.	Regina.
2	ARTHUR MARCOTTE	Ponteix
3	RALPH B. HORNER	Blaine Lake.
4	WALTER M. ASELTINE	Rosetown.
5	J. J. STEVENSON	Prince Albert
6	J. FREDERICK JOHNSTON	Bladworth.

ALBERTA—6

	THE HONOURABLE	
1	WILLIAM ASHBURY BUCHANAN	Lethbridge.
2	DANIEL E. RILEY	High River.
3	ARISTIDE BLAIS	Edmonton.
4	FRED WILLIAM GERSHAW	Medicine Hat.
5		
6		

PRINCIPAL OFFICERS OF THE SENATE

L. Clare Moyer, D.S.O., K.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

Rodolphe Larose, E.D., First Clerk Assistant.

Louvigny de Montigny, Litt.B., Second Clerk Assistant and Chief Translator.

John F. MacNeill, K.C., LL.B., B.A., Law Clerk and Parliamentary Counsel.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Arthur H. Hinds, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury and Disbursing Officer.

H. H. Emerson, Editor of Debates and Chief of Reporting Branch.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Friday, December 5, 1947.

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the despatch of business:

The Senate met at 2.30 p.m., the Speaker in the Chair.

Prayers.

OPENING OF THE SESSION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the Main Entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the Fourth Session of the Twentieth Parliament of Canada.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their Speaker, His Excellency was pleased to open the Fourth Session of the Twentieth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Conditions throughout the world continue to be difficult and disturbing. The dislocations resulting from the ravages of war have become increasingly apparent. In Europe production has made only a partial recovery. In Asia, over large areas, active fighting continues. Shortages of the necessities of life, particularly of food, are still acute. In many countries, political and social unrest is serious. Failure to agree on peace settlements with Germany and Austria is preventing the recovery of Europe.

Canada was recently represented at a meeting of the nations of the commonwealth in Canberra. Problems related to the peace settlement in the Pacific were discussed in an exploratory manner. The government has welcomed the initiative of the United States in proposing an early conference on the peace treaty with Japan.

The Canadian delegation to the General Assembly of the United Nations took an active part in its proceedings. Canada was elected to a seat on the Security Council. Canada was also represented on the United Nations Special Committee on Palestine. Support of the charter of the United Nations remains an essential feature of Canada's foreign policy.

While unsettled conditions still prevail in Europe and Asia, Canada has continued to enjoy general prosperity. Employment and national income have reached levels never before attained. Our country has not been unaffected, however, by the problems and difficulties of other countries. Many nations with which we trade have been unable to restore their full productive capacity. Their consequent inability to increase their exports in sufficient measure to pay for their imports has greatly complicated Canada's foreign exchange position.

A permanent solution of our exchange problems and the future well-being of the nation depend upon the revival of world trade. An important step forward in this direction has been the successful conclusion of the recent discussions at Geneva. A positive achievement was the conclusion of trade agreements with eighteen other nations. You will be asked to approve these agreements. Canada is now represented at the United Nations Trade Conference in Havana, which it is hoped will result in the establishment of an international trade organization along lines agreed to at Geneva. The trade agreements and the establishment of an international trade organization will provide a sound foundation for the expansion of world commerce, production and employment.

Provision of a temporary character has been made to conserve and supplement Canada's reserves of United States dollars. The measures recently announced to deal with the various aspects of the immediate foreign exchange difficulty will be submitted for your approval.

The present shortage of United States dollars will necessarily limit Canada's capacity to render further economic assistance to other countries. Canada, nevertheless, remains one of the few great producing countries with capacities unimpaired by the war. It is deeply gratifying that our country has been able to play so large a role in rendering assistance to war-devastated lands. In proportion to population, Canada's record has not been equalled by any other country. In the effort to further the great task of world recovery, Canada will continue, so far as is possible, to apply the principle of mutual assistance. Further assistance must, however, take into account the exchange difficulties which have arisen.

My government has progressively removed the controls made necessary by war. To meet a continuing need for some controls, you will be asked to approve an address praying that certain orders and regulations covered by the Continuation of Transitional Measures Act, 1947, which will terminate on December 31, be continued in force for a further period.

Due to the gradual and orderly procedure that has been followed in the removal of controls such increases in prices as have occurred have been less than would otherwise have been the case. My ministers are concerned with increases in prices which have added to the cost of living. In certain instances, increases were felt to have been unjustified and price ceilings have been restored. Officials in the departments of government most immediately concerned have been directed to keep under constant supervision conditions of production and supply which tend to raise the level of consumer prices.

The demand for the products of our primary industries generally continues to remain at high levels. In view of the price fixed for the 1948-1949 crop year under the wheat agreement with the United Kingdom, you will be asked to consider a measure to provide for an increase in the initial payment to producers.

Despite the continuing scarcity of certain supplies and high building costs, a greater number of houses are being completed this year than in any previous year. You will be asked to consider plans for a low rental housing project for veterans.

A measure similar to the one introduced at the last session of parliament to provide more effective machinery for the adjustment of differences between employers and employees will be submitted for your consideration.

The demobilization of the wartime forces of Canada was concluded in September. Steps are being continued to co-ordinate the organization and administration of the three armed services. A measure to consolidate all statutes relative to defence will be laid before you.

The Fisheries Prices Support Board, the Dominion Coal Board, and the Maritime Commission authorized by legislation have been duly constituted.

Measures to which your attention will be directed include bills to revise the income tax law, the Dominion Elections Act and the Canada Shipping Act. Bills relating to veterans will also be brought before you.

It is the intention of the government to recommend the reappointment of the Select Joint Committees on Human Rights and Fundamental Freedoms, and on the revision of the Indian Act.

Lengthy discussions between a delegation from the National Convention of Newfoundland and a committee of members of the government have been held to explore the possibility of finding a mutually acceptable basis for the union of Newfoundland with Canada. The government has announced terms which it believes to be a fair and equitable basis for union should the people of Newfoundland desire to enter into confederation.

The marriage of Her Royal Highness the Princess Elizabeth has been the occasion of widespread rejoicing. To Her Royal Highness the Princess Elizabeth and to His Royal Highness the Duke of Edinburgh, the people of Canada extend all good wishes for their future happiness.

Members of the House of Commons:

The public accounts for the last fiscal year and the estimates for the coming year will be laid before you.

You will be asked to make financial provision for all essential services.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless this nation, and to guide the Parliament of Canada in all its deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Hon. Mr. COPP (for Hon. Mr. Robertson) presented Bill A, an Act relating to railways.

The bill was read the first time.

CONSIDERATION OF SPEECH FROM THE THRONE

MOTION

On motion of Hon. Mr. Copp (for Hon. Mr. Robertson) it was ordered that the Speech of His Excellency the Governor General be taken into consideration on Tuesday next.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. COPP (for Hon. Mr. Robertson) moved:

That all the senators present during the session be appointed a committee to consider the orders and customs of the Senate and privileges of parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

The Senate adjourned until Tuesday, December 9 at 3 p.m.

THE SENATE

Tuesday, December 9, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TARIFFS AND TRADE

DOCUMENTS TABLED

Hon. WISHART McL. ROBERTSON: Honourable senators, I beg to lay on the table a miscellaneous group of documents. The list is a formidable one, and as it will appear in the Minutes of Proceedings of the Senate, I will dispense with a detailed reading of it now. I should like, however, to point out particularly the English and French copies of the Final Act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, held at Geneva; the general agreement on tariffs and trade; schedules and other items, including the Protocol of Provisional Application, and the communications between Canada and the United States and Canada and the United Kingdom relating to the trade agreement. Also there are various documents respecting the prohibitions and restrictions imposed under Order in Council P.C. 4678, together with notes on travel restrictions; a statement concerning proposed tax measures; and in addition, copies in English of the report of meetings between delegates from the National Convention of Newfoundland and representatives of the Government of Canada, together with copies in English and French of the terms which are believed to constitute a fair and equitable basis for the union of Newfoundland with Canada.

As I have pointed out, I am not going into detail.

Hon. Mr. ROEBUCK: Will copies of these documents be distributed?

Hon. Mr. ROBERTSON: Some have already been distributed; others will be forthcoming in due course.

(*For complete list of documents tabled, see the Minutes of the Proceedings of the Senate.*)

COMMITTEE OF SELECTION

MOTION OF APPOINTMENT

Hon. WISHART McL. ROBERTSON moved:

That pursuant to Rule 77 the following senators, to wit: The Honourable Senators Ballantyne, Beaubien (Montarville), Buchanan, Copp, Haig, Howard, Sinclair, White, and the mover be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

DECEASED SENATORS

TRIBUTES TO THEIR MEMORY

Hon. WISHART McL. ROBERTSON: Honourable senators, it becomes my duty to officially notify this house that since we last met we have lost, by death, four of our colleagues, men who occupied a very prominent position in the councils and deliberations of this honourable body. Their passing, I feel, will be mourned by us all.

The Honourable Gerald Grattan McGeer, K.C., was born on January 6, 1888, at Winnipeg, the son of James McGeer and Emily Cooke. His father was of Irish origin, and his mother was English. He received his early education in Vancouver. In his youth he sold papers, delivered milk, and worked as an iron moulder. Having a passionate desire for education, he saved enough out of these activities to study law at Dalhousie University in Nova Scotia. On graduation he returned to British Columbia and was admitted to the Bar of that province in 1915. In the general election of 1916, at the age of 28 he was elected to the British Columbia Legislature. On November 29, 1917, he married Charlotte Spencer, daughter of David Spencer of Victoria, B.C. He had two children: Patricia Anne and Michael Grattan Spencer. In 1922 he was appointed King's Counsel.

Senator McGeer took a keen interest in economic and financial problems. He wrote many articles on banking, currency and credit, and a book entitled *The Conquest of Poverty*. In 1933 he was again elected to the British Columbia Legislature. Shortly afterwards he entered civic politics in Vancouver, and was elected mayor for the term 1935-36. Perhaps his most notable achievement as mayor was the erection of Vancouver's fine new city hall. During Vancouver's Golden Jubilee anniversary celebration he received the Lord Mayor of London and the Lady Mayoress, who presented the city of Vancouver with a replica of the famous mace of the city of London.

The late senator McGeer resigned from the legislature to accept nomination in the general election of 1935, and was elected to the House of Commons. He was re-elected in the general election of 1940. On June 9, 1945, he was summoned to the Senate and, as honourable members will recall, played a very active part in our deliberations. On August 11, 1947, after several months of failing health and having undergone a serious operation, he passed away.

While Senator McGeer was not a member of the Senate for as long as some others whom we mourn today, he made an outstanding contribution here. It seems to me that the greatest tribute that was paid to him was something that I read about in a Vancouver newspaper. As his funeral cortege passed through the streets of Vancouver thousands upon thousands of people, some of them in the most lowly circumstances, stood with bowed heads, visibly affected by the passing of one whom they considered a friend. I remember that once in Nova Scotian history someone said that the greatest tribute that could be paid to a man was the respect of those who had known him best and longest.

The Honourable William James Harmer was born on October 16, 1872, the son of James Harmer and Agatha Walker. He received his early education in Napanee, Ontario. He became a telegrapher and went west in 1891, where he was engaged in railway operating and traffic departments, and in telephone management. For three years he served as Superintendent of Operation of the Alberta Government Telephone System, and when the government of the province created a Department of Railways and Telephones he became Deputy Minister, in which office he served until his appointment to the Senate on February 5, 1918. He passed away on September 9, 1947.

As honourable senators know, he was one of the senior members of this house. He did not often participate in our debates, but he faithfully fulfilled his duties and responsibilities as a regular attendant at the sittings of the house and its committees. I am sure that those who have so long looked upon him as a familiar figure here will feel that with his passing we have lost one of our most outstanding members.

The Honourable Walter Edward Foster, P.C., LL.D., was born at St. Martins, New Brunswick, on April 9, 1874. His parents were Edward H. Foster and Elizabeth Pattison Foster. He attended public and grammar schools in Saint John, and in 1889 entered the service of the Bank of New Brunswick. Ten years later he became a member of the firm of Vassie & Company, wholesale dry goods merchants in Saint John. In 1900 he married Johan Mary Vassie, the daughter of William Vassie.

Senator Foster's interests and activities were numerous. He served as an officer in the New Brunswick Regiment of the Canadian Artillery, retiring in 1903 with the rank of captain. In 1906 and 1907 he was Vice-President of the Saint John Board of Trade. He twice served as arbitrator in labour disputes in the Port of Saint John, and on both occasions was successful in adjusting the differences and securing agreement.

In 1916 he entered politics as leader of the Liberal party in opposition in New Brunswick. In 1917 his party was elected to office, and on April 4 of that year he assumed the premiership of his province. At the general election of 1920 he was again elected to represent Saint John. On February 1, 1923 Senator Foster resigned the premiership to become a member of the advisory board for the St. Lawrence-Great Lakes Waterway, and in 1927 became chairman of this board. Meanwhile, in 1925, he was appointed a member of the Privy Council, and Secretary of State in Mr. Mackenzie King's Cabinet, but was defeated in the general election held in the same year. He was appointed to the Senate on December 5, 1928, and became its Speaker in 1936.

The late Senator is survived by his widow and three daughters. His only son, Captain Walter W. V. Foster, died in 1944 while serving with the Canadian Army overseas. Senator Foster himself passed away on November 14 of this year.

I am sure it will in no way reflect upon the memory of the other two honourable senators to whom I have referred, if I say that my personal relationship with the late Senator Foster was very close indeed. Whether it was because he was a fellow Maritimer, or that I appreciated and came under the influence of his charm of personality, his integrity and good judgment in matters of public office, I do not know; but I do feel that in his passing I have lost one of my best friends.

On your behalf, as well as my own, I attended the funeral ceremonies which took place in the beautiful cemetery between Rothesay and Saint John, and there paid my last respects to a great Canadian.

Honourable senators, with most tragic suddenness death has removed another of our colleagues. We feel it inevitable that with the efflux of time members of advanced years must sooner or later be removed from our midst; but I am sure the news of the death this morning of the Honourable John Joseph Bench, K.C., came as a tremendous shock to everyone within this chamber and to many people outside.

Senator Bench was born in 1905 at St. Catharines, Ontario. He was admitted to the Ontario Bar in 1928 and was created a King's Counsel in 1937. The late senator was a retired officer of the Lincoln and Welland Regiment, former chairman of the St. Catharines Separate School Board, and former president of the St. Catharines Chamber of Commerce.

He was, as honourable members will recall, a member of the National War Labour Board in 1943. He had been a candidate for the House of Commons in the general election of 1940, and was summoned to the Senate on November 19, 1942, when he was thirty-seven years of age. At that time, and until his death at the age of forty-two, he was the youngest senator.

I do not know that I can add very much to the knowledge of honourable senators, who knew him so well. For myself, I was proud to count him as a friend. He was a familiar figure in our deliberations, intensely interested in making his contribution to public life, and jealous of the good reputation of this honourable body. He did much to inform those who were interested as to the place which the Senate holds in the government of the country. It seems to me a tragic circumstance, one which is difficult to explain, that a career which held so much promise should end so prematurely. All we can do, and I desire so to do in the light of the position I hold, is to extend to his widow and to his infant daughter very sincere sympathy in the great sorrow which has befallen them, and to assure them that they are not alone in their grief, but that this body and the country as a whole realizes that Canada has lost a brilliant and outstanding son.

Hon. JOHN T. HAIG: Honourable members, in following the government leader it is not my intention to allude in detail to the life histories of the men to whom he has referred. I took a few notes, however, so that, while not delaying the house, I might fittingly express by personal feelings.

The Honourable Gerald G. McGeer, K.C., known to most of the people of Canada as "Gerry McGeer", was born in my home city of Winnipeg in January, 1888. He was a member ot the Bar of British Columbia, a member for some years of the British Columbia Legislature, twice mayor of Vancouver, for ten years a member of the House of Commons, and since 1945 a member of this chamber. He was married, and leaves a wife and two children.

The late senator has often been referred to as the stormy petrel of British Columbia politics. Of Irish nationality, he early showed an interest in the under-dog; and all his reactions to any problem affecting public life were influenced by his concern for the downtrodden. Whether or not one agreed with his political philosophies, one had to admire the ability and tenacity with which he supported his cause. A bonny fighter, he will be missed not only in his adopted province of British Columbia but throughout Canada.

As a member of this chamber, may I say that Gerry McGeers, whether we agree with them or not, are a good thing for Canada. The late senator will be sorely missed in this house, if for no other reason than that he kept us "on our toes", thinking about what we ought to do.

The Honourable William J. Harmer, as the leader of the government has said, was one of the senior members of this house, having been appointed to the Senate by the Union Government in February, 1918. By vocation a railroad telegrapher, for some time he was an operator on one of the lines of the Canadian Pacific Railway in Alberta, the province which he adopted as his home. He subsequently became Deputy Minister of the Department of Telephones, and remained with that department of government for some years until his appointment to the Senate.

Senator Harmer took little part in our deliberations here, but he could always be counted upon to be in his place in this chamber, and faithfully attended all committees of which he was a member.

The Honourable Walter E. Foster, P.C., LL.D., who was a native of the province of New Brunswick, rendered great service to his own province, first as a businessman, later as a member of the provincial legislature, and finally of this chamber. In 1925 he was appointed a member of the government of the Right Honourable W. L. Mackenzie King, but was defeated in the general election of that year, and came to the Senate in 1928, and was Speaker of this house from January 1936 until May 1940. He was beloved not only by the members on his own side of the house but by those in every part of this chamber. He was the first Speaker I had the honour to sit under in this house, and I always felt especially friendly towards him because on many occasions he helped out the new members by his good-humoured assistance.

Senator Foster was indeed happy in his home relations, but the loss of a son in the last war seemed to cast a shadow over his declining years. I had the pleasure of knowing his wife and one of his daughters who was principal of a school for girls that two of my daughters attended. We all thought a great deal of her. To her, to her mother and the other members of the family, I extend sincere sympathy in their sad bereavement. May there in future be many more appointed to this chamber who will bring to it such credit and honour as did Senator Foster.

It is a little difficult to speak of the late Senator Bench—his call has been so recent

and so sudden—but I feel that today I should like to do honour to him as well as to the others.

The Honourable John Joseph Bench, K.C., or "Joe" as we all knew him, was the youngest member of this house. He came here in November, five years ago, and his brilliant mind soon impressed itself on all of us. He was not only a good lawyer but a clear thinker whose word was as good as his bond. He was very able not only in formal debate in the chamber, but in the discussions before committees of this house. We will sorely miss his great ability, of which he gave so freely for the benefit of legislation and the good of Canada as a whole. We could ill spare a young man of forty-two from the councils of the nation, and his passing will be a loss, not only to the people of Ontario, whom he represented, but to all the people of Canada. Our sincere sympathy goes out to his young wife and baby daughter.

I just wish to say one more word with respect to Senator Bench. It very rarely happens that lawyers can interpret legal matters to a layman so that the latter can understand them as though he too were a lawyer and trained in the law. "Joe" Bench had that characteristic. Another priceless characteristic that he possessed was that his word was as good as his bond. Sometimes it was difficult to get him to come to a conclusion on a point of law or an argument; but when he did you could depend that he was giving you his very best and considered opinion.

I wish to pay my very great respect to these four men who, while representing different parts of Canada, at the same time represented every class of society in the Dominion.

Hon. A. B. COPP: Honourable senators, I desire to add a word or two to the very appropriate tributes that have been paid to the members of this chamber who have passed away since we last met. At the same time, I feel it more incumbent upon me to say a few words about my personal friend and colleague from New Brunswick, the late Senator Foster.

I had known Senator Foster very intimately for the past thirty-five years. I first met him in Saint John when he became a candidate of the party of which I was then the leader. From that time on we were very closely associated in a business, political and social way.

As has already been so well said, he was an outstanding man in the community where he lived. He was deeply interested in business and for many years carried on a prosperous business in the city of Saint John, and as our leader (Hon. Mr. Robertson) has said, he was elected to the office of the premier of New Brunswick. As a matter of fact, on the last occasion that I appealed to the people of that province they decided that I should be honourably discharged, and when I came to Ottawa in 1915 the late Senator Foster succeeded me there as the leader of the party.

Senator Foster played a prominent part in all walks of life in his native province. As the honourable leaders of both sides have so capably said, his gentlemanly instincts were outstanding. He occupied the prominent position of Speaker of this chamber most acceptably, as we all know, and I am sure we shall always hold his memory in the highest regard and the deepest affection.

I was not completely taken by surprise when I heard of his passing a few weeks ago. During the last year or two I had known that his health was not as robust as it should have been. He has gone away with others; and I want to join with our leaders in offering my most heartfelt sympathy to his widow and family in their irreparable loss.

I might say just one more word in regard to the sudden death of our young friend, Senator Bench, who passed away today. He came here a few years ago and showed an intense interest in the work of the Senate. He was a very faithful attendant, not only in this chamber but in the committees, where he was very useful and gave a great deal of information. His untimely passing only goes to show that the old saying is true: "The young may die; the old must die". However, it does seem unfortunate that a young man with the abilities displayed by the late Senator Bench in this chamber had to be taken away from us so early in his life, when he had so much to offer to his country.

I was not so closely associated with the other members who have passed away, but I wish to join in paying tribute to them, and to extend to families they have left behind my deepest sympathy.

Hon. GEORGE P. BURCHILL: Honourable senators, I should like to join with other honourable senators in the deep regret and sorrow which has been so well expressed regarding the members of this chamber who have passed away since last session. The tragic news that reached us this morning regarding Senator Bench has shocked every one of us.

Like the honourable senator from Westmorland (Hon. Mr. Copp), I should like to add a word regarding a great personal friend and colleague from New Brunswick, the late Senator Foster. The universal esteem and regard in which he was held by all who knew him, his long and distinguished career as a

member of this chamber, and the contribution which he had made to the public life of Canada, have already been referred to by the honourable leaders on both sides of the house as well as by the honourable senator from Westmorland.

I just want to add that the province of New Brunswick owes a lot, and will always owe a lot, to the late Senator Foster. He gave up a prominent business career to enter public life when he became a candidate in the provincial elections of 1917. He was chosen as leader of the party and became Premier, charged with the administration of the affairs of the province. Although he had never had any previous experience in a legislative assembly, the first time he sat in the house was as Premier. The achievements of his administration with its progressive policies, including the establishment of the Workmen's Compensation Board, the organization of a Department of Public Health, and the development of hydro-electric power in the province, are a matter of public record. He gave freely of his splendid abilities, and his whole public career, in his native province as well as in federal affairs, was marked by unselfish and conscientious service to the state. His charm and graciousness made for him many warm friends among his political and business associates. In his death Canada has lost one of its most distinguished public men, and New Brunswick a worthy son.

I join with other honourable members in extending to Mrs. Foster and her daughters sincere sympathy in their great sorrow.

Hon. Mr. DUFF: Hear, hear.

Hon. J. W. de B. FARRIS: Honourable senators, it is always a great pleasure after a sessional intermission to come back here and meet old friends, but there is sadness when we find that some old friends are no longer here.

Coming from British Columbia, as I do, it is fitting that in addition to what our leaders have said I should say a more personal word about Gerry McGeer. He and I were elected to the legislature of British Columbia in 1916, thirty-one years ago. Gerry was then in his twenties, and you who knew him in his later days can understand what an obstreperous member he was at that time, though supporting the government. Mr. Speaker, you and I who were members of that government may, in the most kindly way and with heartfelt affection, record that no government supporter ever gave a government as much trouble as Gerry McGeer did. I say that, not by way of criticism, but as indicating that so early in his life he possessed an energy, a restlessness, that no government moving in its ordinary channels could ever hope to assuage. The leader (Hon. Mr. Robertson) has mentioned that Senator McGeer was made a K.C., twenty-five years ago. It was my privilege and honour to recommend that appointment to His Honour the Lieutenant-Governor. There was a lot of criticism of it. A good many old fellows in the profession had an idea that age was a better qualification than brains, but time has fully vindicated the appointment.

I look back over the years. Gerry came down here to the House of Commons, and he was mayor of Vancouver at the time. Later he was summoned to the Senate, but with all deference to the wisdom of the Prime Minister I doubt if the Senate was quite the place for Gerry McGeer. It is reported in the *Confederation Debates*, and has been said many times since, that the Senate is a deliberative body. It is our duty to impose on bills coming from the other house the sober second thought of elder statesmen. But Gerry as we knew him was very often impatient of sober second thought; he thought and moved too fast for that. With him, to think and have an idea was to act upon it. He was a striking member of this house, but I never quite thought that this was the best place for a man of his imagination, vigour and restless activity. He took on additional public duties, and after one of those good old-fashioned thumping elections he was again elected mayor of Vancouver by a tremendous majority. The zeal and untiring effort which he put into that job contributed to his early death.

The leader has mentioned a newspaper article about Gerry McGeer's funeral procession. I rode in that procession, and in my more than forty years in British Columbia I have never seen people pay to any public man the tribute which that day, by their silence and bowed heads, they paid to the man who had been mayor of Vancouver and one of the senators from British Columbia. We shall miss him here in this house. I personally, although we used to have lots of differences of opinion, shall miss him greatly. We all join in our expression of sorrow to his family.

Honourable senators, I could not sit down without referring to a one-time premier of my native province, the late Senator Foster. Those who still live in that province can bear better testimony to his immediate activities than I would presume to do. When I came to this house, eleven years ago, Senator Foster was Speaker. Although he and my father had been friends, my acquaintance with him at that time was slight, but he gave me a feeling of welcome here that leaves a pleasant glow of memory to this time. It was the great privi-

lege of my wife and myself while here in Ottawa to get to know Senator and Mrs. Foster better every year, and it is our proud consciousness today that they were among our best friends. I feel his passing keenly, and I join with my colleagues in extending to Mrs. Foster and her daughters our very genuine sympathy.

I never felt more shocked in my life than today at lunch when the waiter at the Chateau whispered in my ear that Senator Bench had died. It was only last summer, a few months ago, that my wife and I were at Niagara. With Joe Bench and his charming wife we spent the afternoon and evening and had dinner, and the next afternoon they came to our hotel. I am sure that every senator will agree that in personal charm Senator Bench was outstanding. He had character, personality, and great ability. I think it is a consciousness of loss along with grief that we feel here today. To his young widow and their infant child we extend our real sympathy.

Hon. GUSTAVE LACASSE: Honourable senators, I wish to add a few words to what has been said about our departed friends. Today we are under the shadow of sadness. Within the past few months death has struck across this broad land of Canada in three areas: east, west and centre. We are reminded that there is an eventual reckoning for us all. The chair I am now touching has been made vacant; death has struck at my very side, removing the deskmate whose friendship, sympathy and geniality I have enjoyed for a number of years.

The late Senator Harmer was most deserving of the eulogies which were uttered over his grave. Though a man of retiring disposition, one who seldom spoke in this house during all the years I knew him, he was a sound adviser, and many times when I rose to speak it was to voice his intelligent and sensible suggestion.

I visited the late senator in the Civic Hospital in Ottawa at the conclusion of the last session, and was perhaps the last member of this house to see him alive. He was cheerful and full of hope, but my professional eye discovered in his thin features the signs of death already indicated. He lived but a few weeks longer.

Let us bow with reverence over the graves of those who periodically depart from our midst at the call of their Creator, the Master of us all.

Honourable members will scarcely believe that the complexion of this house has changed to the extent of 75 per cent since I became a member of it two decades ago. That is the cycle of life; that is the will of God, and we must respectfully submit to it. Let the devotion to public duty of those we mourn be an inspiration to us in discharging our responsibilities in the service of our fellow-citizens.

Hon. ARISTIDE BLAIS (Translation): Honourable senators, I wholeheartedly subscribe to the laudatory remarks which have been voiced this afternoon in memory of our deceased colleagues.

They were all outstanding men in their avocations or in politics, and their deaths are a very great loss to this country.

As the representative of northern Alberta, I especially wish to join the honourable leader of this house (Hon. Mr. Robertson) in paying tribute to the memory of the late Senator William Harmer, and in tendering to his family our deepest sympathy. The late departed senator was known as an upright and charitable man, greatly devoted to this country, which he served faithfully not only as Deputy Minister of Railways and Telephones in Alberta, but also in the Senate, to which he was appointed in 1918. It was not my privilege to be one of his intimate friends, but our relations were always most courteous and quite cordial. Those who knew him best agree that he was easy-mannered, most genial in conversation and ever ready to help. He showed his friendship in many ways, and his friends greatly prized his sterling qualities of mind and heart.

Once again, I wish to tender to the bereaved family my deepest sympathy.

Hon. ANTOINE J. LEGER (Text): Honourable members, on behalf of the French-speaking population of New Brunswick, may I extend to the widow and family of the Honourable Senator Walter E. Foster our sympathy and our sincere condolences. His passing at the relatively young age of 74 years removes from the scene of his activities one who has worked faithfully and well not only for the welfare of his native province but for the whole of Canada. Admired, trusted and well liked, he was honoured with many positions in both the economical and political arenas of our country, wherein he rose to the highest level. May we say with admiration that he never failed us in the confidence we entrusted to him.

His passing, and the passing of other honourable senators, will be lamented widely.

Hon. G. P. CAMPBELL: Honourable senators, I desire to associate myself with the sentiments expressed by other members of this

honourable body, and particularly, I should like to speak about a close personal friend of mine, one who has had the utmost respect of all members of this chamber. I cannot recall ever receiving a greater shock than when at a quarter to three today I learned of the death of my colleague and friend from Ontario, Joe Bench.

No higher tribute can be paid to any man than to say that he had the respect of the members of his community, of his church, of the Bench and of the Bar.

The late Senator Bench was a young and able lawyer, but notwithstanding his youth he made a marked impression upon the courts whenever he appeared before them. As the honourable leader opposite (Hon. Mr. Haig) has said, one could always depend upon his word. I believe that quality made an impression upon the courts.

I was talking to Senator Bench a few days ago, when he had planned to appear in Ottawa on Monday, at the Canadian Tax Foundation meeting. At the meeting I met his partner who said that he expected the senator to be in Ottawa this morning. To hear the tragic news of his death at a quarter to three this afternoon was most shocking.

Those of us who had an opportunity of knowing the late senator in a social way have always admired his good humour and his attitude towards people irrespective of their station in life. His young wife and infant child will, I am sure, have the sympathy of all the people of Canada.

DAIRY INDUSTRY BILL

FIRST READING

Hon. Mr. EULER presented Bill B, an Act to amend the Dairy Industry Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read a second time?

An Hon. SENATOR: Never!

Hon. Mr. EULER: At the next sitting.

CANADA AND NEWFOUNDLAND

CONFEDERATION NEGOTIATIONS

On the Orders of the Day:

Hon. Mr. DUFF: Honourable senators, I would ask the leader of the government to lay on the table and also to make available to honourable senators copies of the tentative arrangement arrived at when the delegates from Newfoundland met cabinet ministers here last summer with regard to what is known as confederation between Newfoundland and Canada. A great many people in this country would like to know what arrangement was arrived at and what are the terms of that arrangement.

Hon. Mr. ROBERTSON: I may say to my honourable friend that a copy of the proceedings to which he has referred, including the draft of the terms that were suggested as being fair and equitable, is included in the documents which I tabled at the beginning of this session. Distribution will be made at the earliest possible moment.

Hon. Mr. DUFF: Thank you.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's Speech at the opening of the fourth session of the Twentieth Parliament of Canada.

Hon. CHARLES EDWARD FERLAND moved:

That the following Address be presented to His Excellency the Governor General of Canada:—

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both houses of parliament.

He said (Translation):

Honourable senators, the historic session of parliament which we are now attending is marked by a new trend of Canada's economy.

This house will have to ratify the Geneva trade agreements, which become effective on January 1st next and will result, provided world peace survives its present upheavals, in the opening of numerous markets for the products of Canadian farms, factories, mines and forests.

It will have to give its approval to those measures, not yet crystallized in their definite form, which the government had to take on November 17 last in order to surmount the crisis brought about by the financial difficulties of Canada's chief customer, Great Britain, as

well as by the inflation from which its main supplier, the United States, is now suffering.

It will also be called upon to ratify a comprehensive program of economic liberation, entailing the application of coercive measures that will be quite hard on the Canadian subsidiaries of big American companies, and which also involve a resort to various means with a view to encouraging the development of this country's natural resources.

The Speech from the Throne summarizes the chief measures which the government wishes to submit for the approval of parliament during this session. This program relates to the domestic as well as the foreign policy of Canada.

The Speech from the Throne reviews the world situation and it emphasizes the important part played by Canada at the General Assembly of the United Nations, where this country has obtained by election a seat on the Security Council.

Canada was also represented on the United Nations special committee on Palestine, and support of the United Nations Charter remains an essential feature of Canada's foreign policy, in the spirit of the Speech from the Throne. It seems that the most considerable contribution of Canada and the nations engaged in the planning of peace and prosperity on a world-wide economic basis, is the signing by Canada and eighteen other nations of the general agreement on customs tariffs and trade, known as the Geneva agreements, which involves negotiations for the substantial reduction of customs tariffs and other trade barriers, and the elimination of preferences on a basis of reciprocity and mutual advantage.

The speech from the throne strikingly emphasizes the general prosperity in Canada and the hardships suffered in other countries.

> Conditions throughout the world continue to be difficult and disturbing. The dislocations resulting from the ravages of war have become increasingly apparent. In Asia, active fighting continues over large areas. Shortages of the necessities of life, particularly of food, are still acute. In many countries, political and social unrest is serious. Failure to agree on peace settlements with Germany and Austria is preventing the recovery of Europe . . .
>
> While unsettled conditions still prevail in Europe and Asia, Canada has continued to enjoy general prosperity. Employment and national income have reached levels never before attained. We have not been unaffected, however, by the problems and difficulties of other countries.

Our government is fully aware of the fact that an international trade organization is necessary in Canada, because she has experienced the prosperity resulting from her exports, which reached a considerable figure last year.

Canada is represented at the United Nations trade conference now being held in Havana, which it is hoped will result in the establishment of an international trade organization along lines agreed to at Geneva. The trade agreement and the establishment of an international trade organization will provide a sound foundation for the expansion of world commerce, production and employment.

In the international sphere, does not Canada occupy an enviable position? While this nation lives in abundance, millions of human beings in the over-populated and underfed countries of Europe and Asia are clamouring for food. Canada is in duty bound to make her share of sacrifices in order to help save Europe from ruin.

Canada must help as much as she can in the restoration of Europe. It is to her interest that she should do so. This country will never be self-sufficient and it can never live in isolation. How could this great wheat and lumber empire dispose of its whole production on the domestic market? How could this country, whose population of 12 million owns capital and services sufficient to serve 30 or 40 million people, preserve her prosperity and her unusually high standard of living without obtaining important foreign markets? How could she ward off unemployment and over-production without her export trade?

Is not that commerce vital and essential to Canada's economy?

For the intelligent promotion of our export trade, our government must give its constant attention to the various problems brought about within the country by the rise in the cost of living, the shortage of some building materials, and labour, the instability of part of the farming industry and the countless difficulties which crop up here and there, due to the gradual and orderly abolition of price controls, which was demanded by public opinion. The government is considering, quite justifiably, the continued application of some controls which are indispensable and urgent from a national standpoint.

In discussing Canadian assistance to European countries, allowance will have to be made for the monetary difficulties which have arisen, and the government officials have been instructed to keep constant watch over production and supply conditions which tend to raise the prices paid by consumers.

Among monetary difficulties which have arisen, mention should be made of the crisis due to the scarcity of United States dollars. It can more properly be called a prosperity crisis.

As a matter of fact, because of the great prosperity which the country was enjoying, the Canadian people have lived in abundance, they have had much more comfort, and they have purchased such a quantity of goods from the United States at such high prices that the balance was upset between our exports and our imports. It was this adverse trade balance which necessitated embargoes and restrictions upon our trade with our friendly neighbours to the south; but those restrictions, urgent from a national standpoint, are essentially temporary and we may hope that they will be lifted before long.

In view of our export trade with the various nations of the world, and owing to the recent Geneva agreements, which parliament will be called upon to ratify, we must place our trust in the government which has applied emergency measures with tact, discretion and efficiency, because Canada will no doubt be able to preserve her national prosperity provided her export trade is maintained. There is nevertheless a danger that our exports may cause a greater scarcity of certain goods and bring about unjustified rises in prices. But has not the government taken every possible measure for maintaining our economic stability?

Having observed some difficulties which our Quebec farmers have undergone because of the abnormal rise in the prices of wheat products which has occurred recently, I was pleased to read in the Speech from the Throne that—

—the demand for the products of our primary industries continues to remain at high levels. In view of the price fixed for the 1948-1949 crop year under the wheat agreement with the United Kingdom, you will be asked to consider a measure to provide for an increase in the initial payment to producers.

It is indeed imperative that the wheat situation be settled so that the prices to consumers should not be too high.

May I mention, among other government measures, such essential legislation as the dominion labour code providing for the establishment of more efficient machinery for the adjustment of differences between employers and employees; the revision of the Canada Shipping Act, a measure of prime importance in relation to trade; plans for a low-rental housing project for veterans, and many bills relating to war veterans, who served their country with such distinction and are justly entitled to the government's consideration and parliament's sympathy.

In conclusion, I may say that I unreservedly approve of Canada's foreign policy as outlined by the Minister of External Affairs, the Right Honourable Louis St. Laurent, who recently stated in Montreal that "in the economic as well as in the political field, Canada cannot be isolationist".

He said that our country could not be isolationist in the political and economic fields, that our duty and our higher interests compelled us to co-operate with the United States in the restoration of Europe, but that such an objective could not be reached without close co-operation between French-speaking and English-speaking Canadians; that the United States alone probably would not have been willing to help Europe; that in his opinion, at this time, no country wants war and, further, that no nation is now seeking to prepare an armed conflict; that he is convinced that, throughout the world, war is abominated; that if a third world war occurred there would probably be no victors, as there were after the wars against the Kaizer, Hitler, and Japan's imperialists; that democracies are now able to produce more than Soviet Russia and her satellites, and that they are more powerful, from a military standpoint, than the U.S.S.R.; that the Russians will surely dominate Europe if the United States Congress does not approve the Marshall plan, and that they are now striving and will continue to do all they can to prevent the ratification of that measure, but that they will fail.

Hon. F. W. GERSHAW: Honourable senators, in rising to second this motion I must first of all thank the leader (Hon. Mr. Robertson) for assigning this honour to me. I take it to be a compliment to the people of the territory of southern Alberta, that I am trying to represent. The people who are pioneering in the foothills of the Rockies and on the adjacent prairies have come from many countries. They differ in religion, politics and economic views, but they are all intensely loyal to the Crown. They find in royalty something that appeals to them. A short time ago, in many remote rural sections as well as in urban centres the radios were turned on at 4 a.m. for the broadcast of the royal wedding, and the people were particularly anxious to hear the words whispered at the altar by the gracious Princess who some day may be Queen of Canada and who already has captivated the hearts of all.

The people of Canada are living relatively happily. They can hold their heads high, because they made a great contribution to the recent world wars. Those terrible wars had a shattering effect on the economic system. They cost much in material losses, but most of all in suffering and death over the whole world. Now a reconstruction period has come, and Canada is again making her full contribution. Lord Beaverbrook in his *Sunday Express,* recently said:

> In proportion to her resources Canada has done more than any country in the world to try to get Western Europe on its feet again.

Honourable senators, if there is one country in this troubled world that wants peace, it is Canada. If there is one country that is willing to give all it can to the reconstruction of this war-damaged world, it is Canada. And I must say that there is one man who especially deserves great credit for so ably guiding this country's activities and enabling it to make the great contribution that it has made. That man is the Prime Minister of Canada, the Right Honourable W. L. Mackenzie King.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GERSHAW: He has held the highest position in the gift of the Canadian people for a long, long time. He has carried on not only in days of sunshine but in days of stress and storm, and has kept Canada a united country. He also has been foremost in the councils of the Commonwealth, and his prestige is high in the world at large. In bringing him into that small exclusive group of eminent Britishers who have been decorated with the Order of Merit, His Majesty bestowed an honour which is richly deserved and has been well earned. I am sure that all the people of Canada, including those who are opposed to Mr. King politically, are pleased with this recognition of his long and devoted services to Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. GERSHAW: Canada also has an able Minister of Agriculture, and he has as his parliamentary assistant a young man who may go a long way. At this time I appeal to them to open up the American market, to some degree at least, for Canadian live cattle. I think they should take whatever measures are necessary to make this market available for our cattlemen. I quite realize that the embargo could not be lifted to allow shipments of cattle to be rushed to the border points all at once. Such a procedure would have to be carried out in an orderly way; quotas would have to be established. Yet the step is a most necessary one.

Early in the war the government put an embargo on cattle going to the United States so that there would be a supply of meat for Great Britain. But the war has now been over for some considerable time, and if the cattle industry is to survive and expand, so that the cattlemen may have the modern equipment and homes to which they are entitled, this market is essential.

The ranchers as a class are a hopeful and optimistic people; they are noted for their neighbourliness and hospitality, and nobody is ever turned hungry from their doors. But life on a cattle farm is a hard life. At the present time there is a pronounced migration from the farms to the small towns and cities, which is evidenced by the shortage of housing. The work of a rider begins at dawn and does not end until long after dark; in snow-storms, in sleet and in rain, as in the blistering heat of summer, he must ride the ranges, mend the fences, watch the water-holes and look after sick and disabled cattle. The rancher is exposed to the elements for long hours without food and shelter; he must break wild broncos and brand wild cattle. For the rancher, life is strenuous and dangerous; for his wife and family it is often filled with anxiety, hard work and loneliness.

The cattle-farmer often suffers tragic losses when whole herds are destroyed by disease, and considerable expense is frequently incurred by lack of water, failure of grass crops or ruinous markets. I know one rancher who was driving a small trainload of prime steers, ready for the market, to the stockyards, when they were met by a blinding blizzard. The cattle scattered in all directions, winter came on and he lost an appreciable number of them. Such an incident shows that cattle raising is a risky and strenuous business.

Canada undertook to supply 160 million pounds of beef each year to Great Britain, to be sold as dressed beef at from 22 to 25 cents a pound. That would mean that the price of live beef on the hoof would be 12 or 13 cents per pound. At the same time beef on the hoof is selling across the border at from 20 to 28 cents per pound. That represents a marked difference in price.

The higher price across the border is not the only consideration which causes people in the cattle business to be very anxious and determined to get the market open. They feel that the United States, with its rapidly grow-

ing population, will provide the best market for Canadian cattle. The rancher must look a long way down the trail; he must plan ahead, because the calves of today produce the beef of three years hence. Meetings are being held in many places, the whole situation is discussed intelligently, and the resolutions presented are all to the effect that, for the long-distance welfare of their product, the ranchers must have the American market.

If one asks a man on the street if he thinks the embargo placed by our government against cattle going to the United States should be renewed, he will say, "Oh, no". He does not want to see a scarcity of beef in Canada and he does not wish the price to the consumer to soar to inflated heights. But in my opinion that result would not necessarily follow. There must be some control over the volume admitted to the market in the United States.

Judging by the tone of the resolutions, I am convinced that the cattlemen would be satisfied if the meat board would buy a certain quota of live cattle at Canadian prices, ship them to the United States and sell them at the American prices, and either use the profit for the welfare of the industry or, better still, divide it amongst the producers in proportion to their sales during the year. That arrangement would allow the producer of beef to get an increased price for his product—a spread of probably $20 to $25 on the average —and would not create a scarcity for our own domestic requirements, and certainly should not influence the domestic price.

One other objection that is sometimes heard is this: How would we fulfil our commitments to Great Britain if the United States markets were opened? There is some doubt as to what may happen to the British contract, but let us assume that it will be carried out. The answer to this objection is provided in the statistics found in the Canada Year Book, which are to this effect: In 1929 Canada's cattle population was 8,375,000, and in 1945, only five years later, it had increased to 10,758,000 head. Even though the slaughter was almost double what it had been in previous years, the cattle population in this five-year period increased by two and a half million. The increase was brought about by better prices; and when prices are good, the cattle are better fed, and more are produced. Canada can produce enough cattle to supply the home market, having regard to the estimated immigration, higher standard of living and greater domestic demand, and at the same time have four or five hundred thousand cattle for export each year.

In closing, honourable senators, may I enumerate the advantages which would flow from the opening up of the American market for Canadian cattle. First, the cattlemen, who are well informed, desire to get a quota in the American market. Since the Chicago yards are only four or five hundred miles from the centre of the ranging district, it is much easier to ship stock that short distance than it is to send it 3,000 miles over land and sea to the British market. At a large ranch in southern Alberta, the McIntyre ranch, a careful record of sales has been kept. They shipped before the war several carloads of prime beef to Britain, and when all the large sheets were made up it was found that the price received was ruinous. Their manager says: "In normal times the British market has never been of much use to us, and it is not likely ever to be of use." In this chamber is a man who was one of the very first in Canada to ship cattle to Britain—I refer to the honourable senator from Marquette (Hon. Mr. Mullins). He has been shipping cattle since 1878. I asked him this afternoon if he had ever made money by shipping cattle to Britain. His answer was: "No; because of the rough passage over the North Atlantic and the damage done to the cattle, heavy losses are sustained; and I can truthfully state that the logical market for our Canadian cattle is to the south of us." Britain will buy cattle where she can buy them the cheapest. We here cannot compete with the cattlemen of Brazil, Argentina, Uruguay, Australia and New Zealand, because their ranches are close to ocean ports, and because their cattle are out on the green grass nearly all the year round.

The second point is that the people of the United States want our cattle. Mexican cattle are shut out by the quarantine. We in Canada are short of feed, and orders have come from as far as California for feeders and stockers to be fattened in the corn belt or from the product of beet sugar factories. The abattoirs in the United States want our prime beef. According to recent conventions, they are willing to accept at a very low rate of duty not 225,000 cattle but 400,000 cattle, and 200,000 calves instead of 100,000. The people of the United States consume a great deal of beef, and as the most we could ever ship would be less than 3 per cent of their total consumption, their farm bloc is not likely to object very much to that small quantity.

My third reason is that there is evident congestion in the processing plants in this country. At the present moment in Winnipeg there is a lot of beef which cannot be used right away, and for which no cold storage facilities are available.

The fourth reason has to do with finance. We all know about the dwindling supply of American dollars. Even if no more was done than to fill the quota which can go to the United States at the low rate of duty of a cent and a half per pound, the transaction would bring from 80 million to 100 million United States dollars into Canada,—enough to relieve to a considerable extent our stringent financial situation.

Again, at the moment cattlemen feel a great grievance because their costs have increased while the selling price remains the same. Recently there was an investigation into costs, and it was found that in the last year the price of feed had gone up 57 per cent, that hay and roughage had increased in price 25 per cent, and that labour had gone up 25 per cent. This means an average increase of 31 per cent; and what is being asked is, either that the agreement with Britain be re-negotiated, or that some other outlet be found.

The sixth and last reason why I think the market should be opened is that the farmers and beef producers of Western Canada are in deadly earnest. They feel that they are carrying more than their share of the common burden, and they are threatening a non-delivery strike. Such a strike occurred a year or so ago; and as it was supported by a very large number of people in the rural districts, deliveries of meat could be held up very effectively.

So it seems to me that in justice, and, if you will, for the sake of peace and harmony, an effort should be made to get, under proper controls, a quota for our cattle in the United States. The tending of flocks and herds is the oldest and one of the principal occupations of mankind; down through the ages it has brought in great wealth; and in the interests of the long-range welfare of the cattlemen of Canada I urge that the action I have proposed be taken.

On motion of Hon. Mr. Haig the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I should like to indicate, with your concurrence, what the programme for the next two weeks will be. At the moment we have before us the Speech from the Throne, the resolution with respect to the Geneva trade agreements, and a motion relating to the extension of the emergency powers from the end of this year to the end of March. In addition, if the legislation arising out of the dollar crisis shall have passed the House of Commons, it will be presented to us in due course. Because of the amount of important legislation which is to come before us, I believe it will be your desire to facilitate in every way possible the discussion of this legislation. I accordingly suggest that we sit this week up to and including Friday, and that we adjourn on Friday until next Monday evening at 8 o'clock, and sit during the rest of next week to deal with the business as it comes before us. I understand that it is the wish of those concerned with the adjournment for the Christmas and New Year's holidays that the respective Houses of Parliament shall adjourn a week from Friday: as to when we shall reassemble after the holidays, I have as yet no specific information, but as soon as it is obtained I will communicate it to honourable senators so that they will be able to make their plans accordingly.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 10, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMMITTEE OF SELECTION

REPORT CONCURRED IN

Hon. A. B. COPP, Chairman of the Committe of Selection, presented and moved concurrence in the following report:

Wednesday, December 10, 1947.

The Committee of Selection appointed to nominate senators to serve on the several Standing Committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on each of the following Standing Committees, namely:—

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Aylesworth, Sir Allen, Beaubien (Montarville), Blais, David, Fallis, Gershaw, Gouin, Jones, Lambert, Leger, MacLennan, McDonald, (Kings, N.S.), Vien and Wilson. (16).

Joint Committee on Printing

The Honourable Senators Beaubien (St. Jean Baptiste), Blais, Bouffard, Davies, Dennis, Donnelly, Euler, Fallis, Lacasse, Macdonald (Cardigan), McDonald (Shediac), Moraud, Mullins, Nicol, St. Père, Sinclair, Stevenson, Turgeon and White. (19).

Joint Committee on the Restaurant

The Honourable the Speaker, the Honourable Senators Fallis, Haig, Howard, Johnston, McLean and Sinclair. (7).

Standing Orders

The Honourable Senators Beaubien (St. Jean Baptiste), Bishop, Bouchard, Buchanan, Duff, DuTremblay, Hayden, Horner, Howden, Hurtubise, Jones, Macdonald (Cardigan), McLean, St. Père and White. (15)

Banking and Commerce

The Honourable Senators Aseltine, Aylesworth, Sir Allen, Ballantyne, Beaubien (Montarville), Beauregard, Buchanan, Burchill, Campbell, Copp, Crerar, Daigle, David, Dessureault, Donnelly, Duff, DuTremblay, Euler, Fallis, Farris, Gershaw, Gouin, Haig, Hardy, Hayden, Horner, Howard, Hugessen, Johnston, Jones, Kinley, Lambert, Leger, Macdonald (Cardigan), Marcotte, McGuire, Molloy, Moraud, Murdock, Nicol, Paterson, Quinn, Raymond, Riley, Robertson, Sinclair, Vien, White and Wilson. (48)

Transport and Communications

The Honourable Senators Ballantyne, Beaubien (Montarville), Bishop, Blais, Bourque, Calder, Copp, Daigle, Dennis, Dessureault, Duff, Duffus, Fafard, Farris, Gouin, Haig, Hardy, Hayden, Horner, Hugessen, Hushion, Johnston, Jones, Kinley, Lacasse, Lambert, Leger, Lesage, MacLennan, Marcotte, McDonald (Shediac), McKeen, McGuire, Molloy, Moraud, Murdock, Paterson, Quinn, Raymond, Robertson, Robicheau, Sinclair, Stevenson, Sutherland and Veniot. (45)

Miscellaneous Private Bills

The Honourable Senators Aylesworth, Sir Allen, Beaubien (St. Jean Baptiste), Beauregard, Bouffard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Ferland, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, Leger, MacLennan, McDonald (Kings, N.S.), McDonald (Shediac), McIntyre, Mullins, Nicol, Paquet, Quinn, Roebuck, Robinson and Taylor. (32)

Internal Economy and Contingent Accounts

The Honourable Senators Aseltine, Ballantyne, Beaubien (St. Jean Baptiste), Campbell, Copp, Fafard, Fallis, Gouin, Haig, Hayden, Horner, Howard, King (Speaker), Lambert, MacLennan, Marcotte, Moraud, Murdock, Quinn, Robertson, Vien, White and Wilson. (23)

External Relations

The Honourable Senators Aylesworth, Sir Allen, Beaubien (Montarville), Beaubien (St. Jean Baptiste), Buchanan, Calder, Copp, Crerar, David, Dennis, Donnelly, Fafard, Farris, Gouin, Haig, Hardy, Hayden, Howard, Hugessen, Johnston, Lambert, Leger, Marcotte, McGuire, McIntyre, McLean, Nicol, Robertson, Taylor, Turgeon, Vaillancourt, Veniot, Vien and White. (33)

Finance

The Honourable Senators Aseltine, Ballantyne, Beaubien (Montarville), Beauregard, Bouchard, Buchanan, Burchill, Calder, Campbell, Copp, Crerar, Davies, Duff, DuTremblay, Fafard, Farris, Ferland, Haig, Hayden, Howard, Howden, Hugessen, Hurtubise, Hushion, Johnston, Lacasse, Lambert, Leger, Lesage, McDonald (Kings, N.S.), McIntyre, McLean, Moraud, Paterson, Pirie, Robertson, Robicheau, Roebuck, Sinclair, Taylor, Turgeon, Vaillancourt, Veniot, Vien and White. (45)

Tourist Traffic

The Honourable Senators Bishop, Bouchard, Buchanan, Crerar, Daigle, Davies, Dennis, Donnelly, Duffus, Dupuis, DuTremblay, Gershaw, Horner, McDonald (Kings, N.S.), McKeen, McLean, Murdock, Paquet, Pirie, Robinson, Roebuck and St. Père. (22).

Debates and Reporting

The Honourable Senators Aseltine, Beauregard, Bishop, DuTremblay, Fallis, Ferland, Lacasse, and St. Père. (8).

Divorce

The Honourable Senators Aseltine, Copp, Euler, Gershaw, Haig, Howard, Howden, Kinley, Robinson, Sinclair, Stevenson and Taylor. (12).

Natural Resources

The Honourable Senators Aseltine, Beaubien (St. Jean Baptiste), Bouffard, Burchill, Crerar, Davies, Dessureault, Donnelly, Duffus, Dupuis, Ferland, Hayden, Horner, Hurtubise, Johnston, Jones, Kinley, Lesage, McDonald (Kings, N.S.), McIntyre, McKeen, McLean, Nicol,

Paterson, Pirie, Raymond, Riley, Robicheau, Sinclair, Stevenson, Sutherland, Taylor, Turgeon, Vaillancourt and White. (35).

Immigration and Labour

The Honourable Senators Aseltine, Blais, Bouchard, Bourque, Buchanan, Burchill, Calder, Campbell, Crerar, David, Donnelly, Dupuis, Euler, Ferland, Haig, Hardy, Horner, Hushion, Lesage, Macdonald (Cardigan), McDonald (Shediac), Molloy, Murdock, Pirie, Robertson, Robinson, Roebuck, Taylor, Vaillancourt, Veniot and Wilson. (31).

Canadian Trade Relations

The Honourable Senators Ballantyne, Beaubien (Montarville), Bishop, Blais, Buchanan, Burchill, Calder, Campbell, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Gouin, Haig, Howard, Hushion, Jones, Kinley, Macdonald (Cardigan), MacLennan, McKeen, McLean, Moraud, Nicol, Paterson, Pirie, Riley, Robertson, Robicheau, Turgeon, Vaillancourt and White. (34).

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Bouffard, Bourque, Burchill, David, Donnelly, Dupuis, Fallis, Farris, Ferland, Gershaw, Haig, Howden, Hurtubise, Johnston, Jones, Lacasse, Leger, Lesage, McGuire, McIntyre, McKeen, Molloy, Paquet, Robertson, Robinson, Roebuck, Veniot and Wilson. (30).

Civil Service Administration

The Honourable Senators Bishop, Bouchard, Calder, Copp, Davies, Dupuis, Fafard, Gouin, Hurtubise, Kinley, Marcotte, Pirie, Quinn, Robinson, Roebuck, Taylor, Turgeon and Wilson. (18).

Public Buildings and Grounds

The Honourable Senators Dessureault, Fallis, Haig, Lambert, Lesage, McGuire, Molloy, Paterson, Quinn, Robertson, Sinclair and Wilson. (12).

All which is respectully submitted.

Hon. Mr. MURDOCK: Surely we should have an opportunity of seeing the report before we pass on it.

Hon. Mr. HAIG: Honourable senators, perhaps I can explain this matter. The committees this year are to be exactly the same as they were last year, except that in some cases names have been added, to fill vacancies caused by death. One or two vacancies have been left on each committee for new senators who may be appointed.

There is one other point that I should like to mention at this time. I had rather hoped that some of the senators learned in the law who come from the provinces of Ontario and Quebec would volunteer to serve on the Divorce Committee.

Some Hon. SENATORS: Hear, hear.

The Hon. the SPEAKER: Is it your pleasure to concur in the motion?

The motion was agreed to.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. ROBERTSON: Honourable senators, with leave, I desire to move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, and such committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

THE LATE SENATOR BENCH

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, yesterday I stated that because of the volume of business before parliament I would ask the Senate to sit up to and including Friday of this week and to return on Monday evening of next week. I am advised that the funeral of the late Senator Bench will take place at 10 o'clock on Friday morning. After consultation with my colleagues I feel that I would be truly reflecting the wish of all honourable senators if I were to suggest that instead of sitting on Friday we should adjourn on Thursday night till Monday evening.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. JOHN T. HAIG: Honourable senators, as usual, the opening of parliament affords the government an opportunity, and the opposition a greater opportunity, to explain their positions and express their regrets for some of the things that have happened during the recess; and in the recent short recess many more things have happened than usually take place in a long one.

I wish to congratulate the mover (Hon. Mr. Ferland) and the seconder (Hon. Mr. Gershaw) of the Address in reply to the Speech from the Throne. I am sorry that I could not follow the remarks of the mover, but I

certainly followed those of the seconder. In view of the speech he made, I would say that he is quite properly seated on this side of the house; and when he advocates that the markets of the United States be opened to Canadian cattle, I certainly welcome him into our fold.

I take this opportunity to join with both the mover and seconder of the Address in congratulating the people of the British Commonwealth of Nations, and especially our own Canadian people, on the wonderful wedding ceremony which took place in London on November 20, at which Canada was represented by the Honourable the Prime Minister. We expect that with the effluxion of time Princess Elizabeth and Prince Phillip will become the rulers of not only Great Britain but Canada. While listening to the broadcast of the wedding ceremony one could not escape the feeling that home is still the best place of all; for here was Princess Elizabeth, a young woman who has the destiny of the world on her shoulders more heavily than anyone else, being wed in a simple ceremony to the young man she loved.

While we may differ in our points of view, I wish to congratulate the Prime Minister of Canada on the honour conferred upon him in receiving the Order of Merit. I think the honour was well deserved. I also congratulate the people of Canada upon the fact that their Prime Minister, the Right Honourable W. L. Mackenzie King, was recognized in this way.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: It is impossible for me to deal with more than a few of the issues of the day.

We of the generation represented in this chamber can go back in our minds quite handily to, say, forty years ago. We were then in the aftermath of the Victorian era, and until 1914 we thought the world as we knew it, would, like Tennyson's brook, go on for ever. But in 1914 came the first world war, after which, until 1939, we experienced what was no more than a truce, for there followed, from 1939 to 1945, the greatest war the world has ever known. Since then we have had what may be called a tentative peace, and now we appear to have entered the same old cycle. It is a very difficult period; indeed, it could not be more difficult.

It is not my intention to deal with world affairs except very briefly and incidentally; but as my views on this subject are clear and definite, perhaps I should state them now. I do not believe that the ideology of democracy can co-exist with the ideology of autocracy. A year or two ago we commonly heard the view expressed that unless better conditions were established in Canada, the United States and Great Britain, or among the democracies generally, we would go down before the Russians. I am frank to say I then shared that opinion; but I no longer believe it to be true. Nevertheless, though it is a hard thing to say, I believe the two systems cannot live in the world together. I noticed that when the Prime Minister landed recently in New York he was, to say the least, pessimistic. Those who attended the meetings of the United Nations last year and watched the conflict between exponents of the two systems were prepared for what has happened since. Talk about progress! We have made no progress at all. There are fewer signs of peace than there were two years ago; and while I do not believe in war, or think it is inevitable, the probability of it cannot be ruled out unless we of the democracies, knowing that democracy is a better system than dictatorship ,are prepared to make a strong stand for our principles. However, as I have said, this is a subject into which I am not going in detail at this time.

As regards Newfoundland and Confederation, I do not anticipate that Newfoundland will consent to be another province of Canada. I think our government went as far as it could in the offer it made, and I have not the slightest word of criticism to offer in that connection. However, human nature being what it is, I would just record my opinion that the offer will not be accepted.

I notice from reading the Speech from the Throne, that my old friend rent control is back again. We are told that we shall be asked to consider plans for a low-rental housing project for veterans. As I have dealt with this subject at every recent session, I shall not again refer to it at any length. In 1941 the government of this country put into force rental controls and thereby, whether they intended to or not, told the people of Canada that building costs would go up and would double within six years. I challenge anybody to deny it. A house which in 1941 could have been built for a given amount, costs double that sum today. That statement is true of my city and of every place else where I have inquired; and it all started from rent control, as a consequence of which new building was virtually prohibited. You may say that that is not true; but it is true, and for proof you need only talk to any contractor who formerly built three or four or six houses a year. What happened was that he quit building; and now the government is confronted with a tremendous problem—the problem of how to get housing for the people who want to live in

cities. I say that that situation is the direct result of legislation which has been passed in the last four or five years.

To digress a little: no government has controlled the products of the farmer as rigidly as this government has done, and no government ever treated the farmers worse than they have been treated by this government in the last seven years.

Some Hon. SENATORS: No!

Hon. Mr. HAIG: You say "no", but before I am through I shall prove that I am right. Consider what has happened. The young men and women who went from the farm to the factory and got big pay, decided that it was not worth while to go home to work, not forty-eight, but eighty-eight hours a week. These people will not return to farm labour, and today it is harder to get farm workers than any other kind of labour. In Saskatchewan, in Manitoba and in Alberta young men and women by the hundreds are leaving the farms, and the population of the rural areas continues to go down. While the population of Manitoba was reduced between 1941 and 1945 by only 17,000, nearly 40,000 people left the rural districts and went to the cities. Saskatchewan as a whole has a smaller population. In Alberta the decline in the rural population was more or less balanced by an increase in the cities. What has been the result? As I pointed out when rent control was established, numbers of people came to the cities and wanted houses, but nobody would build, and conditions have been terribly difficult for them. I warned the government that if the statement made by Mr. Duncan, President of the Massey Harris Company, is correct, in two years' time we shall have to face severe competition in world trade; we shall have to sell our goods to the outside world at a competitive price. At that time the displacement of population may mean fresh troubles in connection with housing. Already in my city we see for sale many houses which nobody has the money to buy. I recently examined a four-roomed house which was offered at $6,950. There was no cultivated lawn, no garage, and no proper boulevard or street. Before the last war such a house would have been built for half the money. Today, in order to buy it, one has to put up a minimum of $1,000, or at any rate $500. One may see fifty or a hundred houses of this type, all alike and all in a string: in a few years they will be tenements. So much for rent control.

As the leader of the government has given notice that he will move for consideration of the Geneva agreements, and has stated that we can discuss them fully when they come before us, I do not intend to take long on this subject. Of every eight persons producing in this country three are producing for export. So we are intensely interested in world trade, even more so than the people of the United States, who ship abroad only 3 per cent of their production, which admittedly is very large. It may be that the Geneva agreements will help us to face this situation. I am not too optimistic. In reading them through I observe so many ifs and ands and buts that it makes me uneasy. But perhaps it would be well to say no more on this subject until we have had an investigation and have heard from practical men how these agreements may be expected to work out.

Why have we been called together? It is because a year ago our holdings of United States currency or gold amounted to, in round figures, 1 billion 250 million dollars. Today there is less than 400 million dollars. Further, there remains less than 400 million dollars of the loan to the British government, and their credit in Canada is gone.

I have not heard anyone explain why the experts advised the government to change the rate of exchange in July, 1946. It has been said that our dollar in Canada will buy as much food, clothing and shelter as an American dollar will buy in the United States. Therefore, it would seem that our dollar should be as valuable as the American dollar. To this I say perhaps. The difficulty is that the economic factor is not the only one that enters into these transactions. The fellow who has the American dollar thinks it is worth a lot more money than the Canadian dollar. In New York today it takes $1.12 in Canadian funds to pay for each American dollar. That may be required. That is about the rate of exchange. The fact is that Americans, in order to realize the ten per cent profit that they thought existed, used to send United States money into this country, not only by way of tourist trade but by way of investment—I am not talking about trade—but the minute the money was put back to par American funds were cut off as if by a knife.

Human nature being what it is, the American tourist thought: "If I go to Canada with $1,000 I shall have $1,100 to spend"—and he came here to try it out. On the other hand, the Canadian thought: "If I go to the United States I shall have to pay $1.10 for each American dollar I spend there. Damn it! My dollar is as good as theirs, and I won't do it". During the past six months hundreds of Canadians from my home city have gone over to such places as Minneapolis and St. Paul, and have spent from $200 to $500 that they did not need to spend. They could have

bought more goods in Canada with the same amount of money. They just wanted to go to the United States.

The minute money went to par, Americans who had investments in Canada began to sell out. I know of one incident that occurred in the vicinity of the home of my honourable friend from St. Jean Baptiste (Hon. A. L. Beaubien). An American owned a number of farms there, and he would not sell out as long as the rate of exchange gave him $1.11 for his dollar. Later he sold the land and took his money back to the United States. Another point is that we were getting a $3.50 bonus on our gold and our pulpwood, and a ten per cent bonus on all other goods we sold to the United States.

If you take the records from 1935 to 1945, except for the three years when the United States bought war materials in Canada and shipped them to Europe, you will see that exchange has always been heavily against us. What happened was absolutely inevitable. The reserve was running out. I knew it last spring. I asked one of the experts in committee how much we had in the way of a reserve, and he would not tell me. He dared not tell me. It was running out far faster than he had prophesied the year before. Why did the government wait until November to put on these restrictions? It was because we were negotiating the Geneva trade agreements, and we were persuaded by someone, I think the United States, that the agreements would fall through if we ever interfered with the exchange. How fast the reserve was going was shown when Mr. King introduced the agreements in a radio speech one night at nine o'clock and at ten o'clock the same night Mr. Abbott followed with a speech which wiped them all out. I did not even have to move out of my seat, because Mr. Abbott followed Mr. King immediately. We had the agreements and I was rejoicing that we were going to sell goods to the United States and other countries of the world, and were going to be the most prosperous people on earth. I thought of calling upstairs to my wife: "Come on down. I am going to buy you two new dresses. Things are going to be so good we won't know what to do with all our money." Fortunately, however, my Scotch caution prevailed, and I thought to myself: "Wait a minute. Mr. Abbott is yet to be heard from." After listening to Mr. Abbott's speech I thought: "Gee whiz! Instead of buying my wife two new dresses, she will have to buy me a new suit".

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: The point is that the Americans do not think our currency is as valuable as theirs. It is my personal opinion that world exchange should be put on a free basis. Ultimately we have got to come to that.

We have heard a lot of preaching in this country about the prosperity we were enjoying. If Mr. Duncan is right, and I think he is, we have only two years to get into world trade and meet the competition of Europe, Asia, and the United States. Can we do that on a forty-hour week? I do not think so. We have got to face the situation, and the sooner we do so the better it will be for the people and the fewer the hardships they will suffer. If the people were told candidly—and they should be—just how fast our money is running out, steps could be taken to adjust our economy to meet the situation.

Hon. Mr. LAMBERT: Does the honourable senator not remember being given ample warning of that very fact a year ago last summer? At a special meeting of the Committee on Banking and Commerce Mr. Towers presented certain figures regarding American dollars and predicted that within a year $600 millions of that amount would be used up.

Hon. Mr. HAIG: I was present at that committee meeting, but Mr. Towers did not tell me that a year later funds would be running out like greased lightning. He did not tell the government that; or if he did, they did not listen to him.

Hon. Mr. LAMBERT: He considered he had told them the year previous.

Hon. Mr. HAIG: I am neither defending nor prosecuting Mr. Towers. The Government of Canada is responsible to the people of this country, and if things had gone well I am sure that my honourable friend would not have mentioned Mr. Towers. The government has to take the responsibility for whatever has happened. I remember the interview in the committee, and if my honourable friend is right and the government knew the situation at that time, provision should have been made to meet it. There should not be a blanket prohibition of all products coming into this country. Last Friday night the representative of Great Britain in the three western provinces told me the proposal was that any country would be allowed to ship into Canada 200 per cent of what it shipped here in 1937, 1938 and 1939. What does that mean? At the present time the United States is shipping to us practically all the cotton goods that we import. They built up that trade during the war, because it was better for us to get our

cotton goods from the United States than continue to order them from Great Britain and take a chance on losses by submarine action. Well, if this proposal goes into effect the United States will be allowed to ship here about 32 per cent of our cotton goods. On the other hand, Great Britain would like to send automobiles into Canada. She has been employing engineers from Canada to help her build up an export trade, but she would be allowed to sell only a comparatively small number of cars here because her business in that line in the years 1937 to 1939 was small. These are some of the complications that arise under this new scheme.

We had none of this trouble when there was a premium of 10 per cent on American currency in this country. What happened this year? Why did tourists not bring in all the American money that had been expected? What money did they spend when they came here?

Hon. Mr. HOWARD: Canadian money.

Hon. Mr. HAIG: Yes, they spent Canadian money which they had bought at a discount in the United States. The government required everybody to turn over all the American currency they received to the banks. The managing director of one of the largest department stores in Canada told me that when it was noticed that his company was not depositing any American funds the government investigated, and found the explanation to be that tourists were spending Canadian money. Where did they get it? They bought it from United States banks at a discount.

Let me come to some of the problems of the farmers. We lack American dollars at a time when farmers in Manitoba, Saskatchewan, Alberta, Quebec, Ontario and the Maritime provinces would like to ship cattle to the United States. We cannot ship any over there now, though as soon as the Geneva agreements are put into effect we shall be able to ship some. But why is the American market not opened up freely to our producers? Last Friday a good 1,200-pound steer was worth, I think—and if I am wrong my honourable friends who are in the livestock business can correct me—26 to 27 cents a pound in Minneapolis; but on the Winnipeg market, just across the line, the price was 13 to 14 cents. As my honourable friend from Medicine Hat (Hon. Mr. Gershaw) said yesterday, we should open the market. Now, why not open the market? Who, but the Government of Canada is keeping the market closed?

There is a similar situation as to hogs and grain. Barley is worth about $1.20 a bushel in Canada as against about $2 in the United States; and oats, which bring only 92 or 94 cents a bushel in this country, are selling at about $1.50 across the border. Why not let these products be sold on the American market? It has been said that the minute this is done the cost of meat in Canada will go up. On Monday, December 8, just a couple of days ago, the *Winnipeg Free Press,* which is not a supporter of the Progressive Conservative party, had an editorial entitled "Lift the Embargo." I will not read it, but if anyone so desires, I will place it on *Hansard.* It makes this point: we have got goods that the Americans want, and if we want more United States dollars we must sell those goods to the Americans. It goes on to say that if we do this the price of those commodities will rise in Canada.

Honourable senators, I can imagine that if it was the Progressive Conservative party which was in power and responsible for keeping our cattle off the American market, my honourable friend from Medicine Hat (Hon. Mr. Gershaw) would have said, "It is the old protectionist policy that is keeping us from trading with the world." Why did he not challenge the Minister of Agriculture to open up the American market? The minister has had three or four days in which to defend the present policy, but there has been no defence of it.

Then of course it is said that if we make the American market available for our producers of bacon and beef, we shall not be able to sell these products to Great Britain at present prices. But the farmers are the boys who are losing money on the deal. We have been selling bacon and beef to Great Britain at about two-thirds of what we could get in the United States. Our farmers have to pay the highest prices for the goods they buy, so why should they not be allowed to sell their products on the highest market? I say that if Canada wishes to sell bacon to Great Britain or any other country at 10 cents a pound when the Americans would pay 20 cents a pound for it, the people of Canada as a whole should bear the loss. They should pay the farmer 20 cents, instead of requiring him to sell at 10 cents. We stick out our chests and say: "Great Britain helped to save the world for democracy during the war, so we are helping Great Britain now." But who are the "we" who take credit for helping Great Britain? I, a lawyer in Winnipeg, and you, a business man in Montreal, are taking all the credit, while we make the poor sucker of a farmer pay the cost.

In this morning's newspapers it was reported that the Parliamentary Secretary to the Minister of Agriculture said in Middlesex yesterday that there would be some good news for the farmers soon. Well, it had better be very soon. They are getting awfully tired and hungry and mad because of this thing. Let me remind you of what happened to the cattle industry. The government took the ceiling off barley and oats on the 23rd of October, and prices immediately jumped about 30 cents a bushel on the average. That meant that the livestock producer in Ontario, Quebec and the Maritime provinces had to pay that much more for his feed, although the selling prices for his own products remained at the old levels.

I am going to say something now about my old favourite, the grain question. I was glad to read of the statement that the leader of the Progressive Conservative party made about the marketing of grain—it took him quite a while to come to the conclusion, I admit. There were certainly two views on the question: one was that grain should be marketed through compulsory wheat pools, and the other was that it should be sold on a free and open market. You may say that the second view is held by those who want trading to be done on the Grain Exchange, but I am not interested in that aspect. What does concern me is that, in a country where we boast about democracy and free enterprise, we say to our greatest industry, the grain producing industry, "You have got to sell your products through our pools".

I was pleased to hear the leader of the party to which I belong say last Monday night that he was in favour of allowing the people of Canada to sell their grain to the pools if they wished, with the government providing the machinery to help them to do so, but that they would also have the right to sell under the free enterprise system to anybody who wants to buy.

Hon. Mr. CRERAR: But up to that time he had been supporting the restrictive policy.

Hon. Mr. HAIG: I have just admitted that.

Hon. Mr. CRERAR: What was my honourable friend's stand on the question previously?

Hon. Mr. HAIG: I have always been opposed to the restrictive policy, and I said so in this house last year. I ask my honourable friend from Thunder Bay (Hon. Mr. Paterson), if he read my speech, to confirm the fact that I was against the policy. I understand the attitude of the people of western Canada as well as my honourable friend from Churchill (Hon. Mr. Crerar). I have represented part of Manitoba in the political field longer than he has. I say that when the farmers in our part of the country are not allowed to sell their grain wherever they wish, they are being most unfairly dealt with. Mr. Bracken now supports that contention.

When the wheat agreements came up for discussion last year I opposed them as strongly as I could; and I oppose them today. I believe that no matter what happens, the principle underlying the agreements is wrong.

Hon. A. L. BEAUBIEN: The leader of your party did not oppose them in the other house.

Hon. Mr. HAIG: He did not support them either.

Hon. Mr. BEAUBIEN: He fought for them in the other house.

Hon. Mr. HAIG: He went to Portage la Prairie in the fall of 1946, when Mr. Miller was elected, and opposed the agreements. The result of the election showed that the people of Portage la Prairie did not favour the government policy.

Hon. Mr. LAMBERT: May I ask my friend if it is true that the leader of the Progressive Conservative party, Mr. Bracken, did not appear in the constituency of Portage la Prairie at the time of the by-election?

Hon. Mr. HAIG: Ask the honourable member from St. Jean Baptiste (Hon. Mr. Beaubien) whether or not the leader was there. He held eight public meetings in that constituency. I have my evidence right with me, because my friend from St. Jean Baptiste knows that the leader did appear.

Hon. A. L. BEAUBIEN: I wish to correct my friend from Ottawa (Hon. Mr. Lambert) in his belief that Mr. Bracken did not appear in the Portage la Prairie constituency. But as far as opposing the wheat agreements was concerned, I never saw such soft pedalling in my life.

Hon. Mr. HAIG: That makes no difference; he opposed the agreements. He appeared at eight different places, and the only poll that Mr. Miller did not carry was the home of the C.C.F. candidate. The place where the Liberal candidate resided was carried by Miller.

Hon. Mr. LAMBERT: I give all credit to Miller.

Hon. Mr. HAIG: My friend should be sure of his facts before he interrupts.

Under the British wheat agreements we sold last year 160 million bushels of wheat to Great Britain at $1.55 a bushel. In that deal the government admits it lost $123 million; but I suggest that twice that amount of money was lost.

The government works out the loss in an ingenious way, by taking the average price throughout. That is not the proper basis. The farmer who sees wheat going up gradually in August and September is reluctant to sell his grain; he wants to hold it and let the price go higher. I do not believe that large stocks were held for that purpose, but even accepting the loss at the government's figure of $123 million, it represents a huge sum to come out of the provinces of Manitoba, Saskatchewan and Alberta. For this year the loss has been estimated at $335 million dollars.

Hon. A. L. BEAUBIEN: Whose estimate is that?

Hon. Mr. HAIG: That is Mr. Strange's figure, and he has been right every time so far.

Do honourable senators know what one who desires to purchase wheat for Italy, Spain or any country other than Great Britain, would be asked to pay today at the Winnipeg wheat pool? It is true there is not much wheat for sale, but when I left Winnipeg on Saturday I was quoted $3.35 per bushel f.o.b. Fort William. Yet we are selling to Great Britain at $1.55. By the agreement the farmers of Canada are losing $1.80 per bushel.

Hon. Mr. PATERSON: May I interrupt my friend? I wish he would refer to the Wheat Board and not to the pool. The wheat pool is an entirely different organization.

Hon. Mr. HAIG: I stand corrected on that point. I should say the Wheat Board.

I am opposed to the compulsory board created by the government, but I have no objection to a man selling his wheat to a pool. If a farmer wishes to sell his grain to the N. M. Paterson Elevator Company, why should he not be allowed to do so? Some honourable members may not know that my friend from Thunder Bay is one of the biggest operators in western Canada.

I am criticizing the British wheat agreements because they create a peculiar situation.

Hon. Mr. EULER: May I ask my honourable friend if he is in favour of the Canadian citizen selling his product and making his money wherever he likes?

Hon. Mr. HAIG: My friend has butter on his mind.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: But if he will go along with me and criticize the government for what they are doing with cattle, hogs and grain, I am prepared to support him on the question of oleomargarine. First I want him to get up and criticize the government.

Hon. Mr. EULER: My friend and I might get together.

Hon. Mr. HAIG: We might, and I think it would be a good thing for Canada if we did.

Hon. Mr. A. L. BEAUBIEN: That is a bribe.

Hon. Mr. HAIG: Last year Canada produced about 400 million bushels of wheat, of which 160 million bushels went to Great Britain. Of the balance, 120 million to 150 million bushels were used in Canada for feed, seed and flour, leaving approximately 120 million bushels to be sold on the world market. That residue was sold at a wide margin of profit over the price of $1.55 a bushel, and the board is now dividing the profits.

This year our crop will probably be from 300 million to 325 million bushels of contract grain. Out of that quantity 160 million bushels will go to Great Britain; 120 million bushels will go for our own use, leaving approximately 20 to 40 million bushels to be sold on the open market. On that basis our profits next year will be much lower than this year.

Before leaving the grain question I wish to tell honourable members that the people of this country are eating bread made of flour from wheat sold by the farmer at $1.55 per bushel when the price on the grain exchange was $3.35. Before the government took the subsidy off wheat the price to the miller was 77½ cents. As soon as the subsidy was taken off the price rose to $1.55. If Canada uses 50 million bushels of wheat throughout the year, the farmers will lose at least 90 million dollars. We are eating bread from wheat which cost the farmer twice as much as he was paid for it and no one is complaining but the poor farmer.

I wish to refer to the subject of coarse grains, and in that connection I may be pardoned for using a personal illustration. A farmer came into my office around the first of October and said, "I owe a client of yours some money, and you have been after me for it." I replied, "I sure have been after you." When he said, "I will pay you the first of November", I questioned him as to why he should wait until then to pay the money. His reply was: "I have oats and barley in my granary, and I am going to hold them until the first of November because I hear that ceilings are coming off and the price will go up 30 to

40 cents a bushel." Within the next ten days four or five other farmers came in and said to me, "We can get that money for you, Haig, but we shall have to sell our oats and barley." I said, "Wait until the first of November." Now they think either that I am a genius or that I am in the confidence of the government and must have known that ceilings were to come off. If anybody other than the minister knew it, presumably this man did; at any rate he sold 3,000 bushels of oats and barley and received $900 more than he would have got otherwise; and that happened to be the amount he owed my client.

Hon. Mr. CRERAR: You did know, then?

Hon. Mr. HAIG: No, but he knew; that is, he was confident that it would happen.

Hon. Mr. COPP: He was just a gambler.

Hon. Mr. HAIG: If all restrictions were removed from the grain market, prices would rise at least 70 cents a bushel. That is the situation, and that explains the crisis. It is also a compelling reason why men and women in this chamber should forget politics and impress upon the government of this country that controls should be taken off and that our primary producers, whether of grain or any other commodity, should be free to sell their products on the world markets at world prices. If we are to guarantee the farmer $1.55 a bushel for wheat, the manufacturers of Ontario, of Quebec, of the Maritime Provinces and British Columbia will be the first to complain. "Why," they will ask, "should we pay the farmers of Manitoba, Saskatchewan and Alberta $1.55 if the world price of wheat is 90 cents?" If you give a guarantee to one interest you will have to concede it to every other form of production. The truth is that we are going the wrong way about it. Mr. Gardiner gambled with 600 million bushels of the producers' wheat, and he lost the gamble. In the sixteen months which ended last November we lost in this way $335 million, the value of a whole year's crop in our western country. Why did the minister do this? Apparently he was advised by the pool men of Saskatchewan, in particular—perhaps also by the Manitoba pool, although I do not know—that it would be his political salvation. These men were determined that the grain exchange should be put out of business, and to accomplish this purpose they would sacrifice the whole grain trade of Western Canada. If an instrument intended for one purpose is used to achieve another, disaster always results.

In Manitoba this year our crop, with the exception of flax and rye, was poor. The same condition prevailed in Saskatchewan and, to a lesser extent, in Alberta. In face of these facts we find the Parliamentary Secretary going to Middlesex and telling the farmers: "Hold your cattle, hold your hogs; better days are coming." Why should we in a free country follow a policy of that kind? It might be expected in Britain, under a sort of C.C.F. government, or in Russia under a dictatorship, but it is out of place here. Had the people of Canada voted in favour of government control of everything, although I would have opposed it, I would have nothing further to say. If our people had decided that the farmers should receive only a certain price for grain or cattle or hogs, although I would not have voted for it, I would have acquiesced. But the people of Canada did no such thing. And now we are paying the price of the government's policy.

Hon. A. L. BEAUBIEN: May I ask my honourable friend if the organizations which are supposed to be representative of the farmers did not consent to this wheat agreement? Were they not in favour of it? Surely we have to listen to the views of the representatives of organized farmers.

Hon. Mr. HAIG: One of the best farm papers, which used to be called the *Grain Growers' Guide*,—I do not know the present name of it—

Hon. Mr. LAMBERT: *The Country Guide.*

Hon. Mr. HAIG: —recently took a census on this matter, and it reported that 55 per cent of the farmers of western Canada were opposed to all this grain control.

Hon. Mr. FARRIS: That may be so, but the point is, what were their views at the time it was made?

Hon. Mr. HAIG: Unfortunately it was represented to the farmers that if this deal were made the price of grain for years to come would be stabilized, and the market overseas would be maintained when the war was over. I am not an Englishman, and I do not pretend to know the sentiments of an Englishman, but I never heard of one allowing sympathy to stand in his way when he was making a bargain about anything he had to buy. You can bet that he made the best deal he possibly could under the circumstances. The fact that we are selling to the Britisher for $1.55 wheat that is worth $3.35 will be no help to us in four or five years when he comes to negotiate another agreement and offers, perhaps, $1.55. As this writer says, when two governments are dickering with one another, the government which is seeking to buy grain says, in effect: "Unless you accept my price I shall buy from somebody else",

and the seller finds himself in a difficult position, because he is afraid that if he does not sell he will lose his market.

Hon. A. L. BEAUBIEN: I do not like to interrupt my honourable friend, but he knows. and so do I—

Hon. Mr. HAIG: Ask your question; do not make a speech.

Hon. A. L. BEAUBIEN: —that all the farmers' organizations were in favour of this contract. It was supported by the pools and by the Federation of Agriculture. When, under such conditions, a contract has been made for so many years with Great Britain, would my friend be in favour of breaking it now?

Hon. Mr. HAIG: My honourable friend has asked two questions in one. Let me answer his first question first. The wheat pools do not represent all the farmers of Western Canada—not by a long shot. I doubt whether the majority of farmers belong to these organizations. The honourable senator from Churchill (Hon. Mr. Crerar) may be better informed on that matter than I am. The organizers of the pools control these people, and the members fall into line. They were carried away with the idea that by this means they would establish for themselves a permanent market; but I believe that those who looked into the records of such transactions were opposed to the agreement. Of course, had members of the grain exchange opened their mouths about it, they would have been told "This is the grain exchange. Don't listen to them." Yet when the Hon. Mr. Justice Turgeon, of Saskatchewan, investigated the exchange he did not find them guilty.

The other question of the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) was, whether I would cancel the agreement were I now in office. I spoke about that a year ago; it is a hard question to answer; but I do not believe that when Canada's name is affixed to a contract we should cancel that contract. I have always felt that contracts made on behalf of our country should be carried out.

Hon. Mr. FARRIS: Would the honourable senator suggest that Britain might break her part of the bargain?

Hon. Mr. HAIG: I do not suggest that she may. All I am suggesting is that when the four-year term runs out Britain will buy in the cheapest market she can find. That we have sold her for $1.55 wheat worth $3.35 will not influence her one iota. However, if I were a member of the government I would not vote to cancel that contract; once made, I would carry it out.

Hon. Mr. QUINN: But you would not have made it in the first place.

Hon. Mr. HAIG: No. I admit that. Take the Geneva agreements: they can be cancelled at the end of three years, and if after three years I did not think they were to the advantage of Canada, I would cancel them. But it would not be a good thing for Canada if, when the government changed, our contracts were repudiated.

Hon. Mr. CALDER: What about subsidizing the farmer to make good his losses?

Hon. Mr. HAIG: My honourable friend asks me what about subsidizing the farmer for his losses? It ought to be done. For the $123 million which the government has lost, an estimate should be put through to recompense farmers who have shipped grain to the government.

There is one more point that I should like to touch upon before concluding. On October 22 of this year the government removed the ceiling price from oats and barley. Although criticism might have been offered for ceiling prices having been placed on these grains, nobody could have criticized the government had they removed the ceiling prices on August 1 instead of on October 22. The only excuse that I have heard offered for taking action on October 22 was that a meat packers' strike had been in progress and the government wanted it to be ended before dealing with the question. If that is an excuse, it is a very poor one.

What happened was that a large number of western Canadian farmers had sold the saleable part of their oats and barley—I would say seventy-five to eighty per cent—by that date. I do not know who owns the grain, but I am inclined to think that the speculators and merchants of this country have the largest part of it. I say that the government should not have removed the controls when they did unless they were prepared to recompense every farmer who sold his oats and barley between August 1 and October 22. As a matter of fact, that is what ought to be done right now. By their action the government showed an absolute disregard for the rights of the farmers of this country, not only those of the prairie provinces but farmers all over Canada. Every part of our country suffered by that action. If the government intended taking the ceiling off this grain they should have announced the fact last June or July, and everyone would have been ready for it. But that is not what was done: the government waited until the

most disastrous period possible, when a large part of the farmers' products had been sold, with the result that oats and barley went up about thirty cents a bushel in price, and have remained at that level since.

Hon. Mr. LAMBERT: May I ask the honourable senator a question, simply to bring out a point? Would the honourable senator not care to clarify part of his statement by saying that most of the coarse grains that were purchased were hedged in the ordinary processes that are adopted in the buying of grain? When grain is purchased, the buyer hedges the purchase by selling an option against it.

Hon. Mr. HAIG: Between August 1 and October 22 there were no hedging facilities in Canada.

Hon. Mr. LAMBERT: There were such facilities for coarse grain.

Hon. Mr. HAIG: No. You could not hedge. You could in the United States, but it would be a very unsatisfactory hedge because prices were at their lowest level.

I feel that the people of Canada are facing a period of readjustment. We cannot enjoy the unrestrained prosperity that has been ours since 1941 while the rest of the world is on a starvation basis. A short time ago in this city the Minister of Transport, the Honourable Lionel Chevrier, in speaking to the Junior Board of Trade or some such organization, said that we would have to sell more goods and buy less, and that so long as the rest of the world remained in its present condition we would have to accept the situation and do the very best we could to meet it. I agree with that viewpoint. I know it is a harsh prediction to make, but I predict that we are going to have to face tough times ahead, and I think the proper thing to do is to warn our people in time so that they may be ready for whatever happens.

Hon. Mr. EULER: Does the honourable senator mean that we should sell more goods, or give them away? How can we sell more goods to foreign countries, if they cannot pay for them?

Hon. Mr. HAIG: We could sell all the cattle we liked to the United States, and we could sell other products to South America as well as to the United States; then if we had a surplus of United States exchange, we could sell to Europe and wait for payment.

Hon. Mr. EULER: Does the honourable senator suggest that we should not sell to countries other than the United States?

Hon. Mr. HAIG: That depends on what they can do for us. Honourable senators, I have spoken long enough, and I thank the house for its kind attention.

Hon. WISHART McL. ROBERTSON: Honourable senators, I do not intend to speak at any great length, but I feel that rather than adjourn the debate until tomorrow, when I hope to move concurrence in the resolution relative to the trade agreements, I should offer a few observations now.

Realizing that the mover and the seconder were experienced parliamentarians, I was not surprised at the clarity and excellence of the remarks with which they favoured us. Their speeches were well delivered, and while in essence they recited the problems with which this country is faced, they approached their task with a broad outlook.

My honourable friend from Shawinigan (Hon. Mr. Ferland) took the broad view that the future of Canada as a great trading nation is tied up with those parts of the world which hold political views similar to our own. To my mind the vision that the honourable senator displayed in his address is very creditable, not only to himself but to those whom he represents. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) spoke on a very important problem—one to which my honourable friend the Leader of the Opposition (Hon. Mr. Haig) has referred—concerning the almost contradictory situation that our neighbours to the south require our goods while we require their markets for dollar and other purposes. Linked with that problem is the severe strain that might possibly be placed upon our economy and our standard of living. There may be arguments both ways, but the speeches of the honourable gentlemen who moved and seconded the Address in Reply, constitute in themselves a particular theme to which I should like to refer in general.

The speech of my honourable friend the Leader of the Opposition proves that his health is as good as it ever was. Whatever figures may indicate as to his age, it is certain that both in appearance and enthusiasm he gives evidence of boundless energy. I am not sure, however, that the logic of what he said was equal to the force with which he said it. I listened to him attentively as the leader of the Progressive Conservative party in this house, enjoying as I always do his contribution to the discussion of public affairs. I hope he will forgive me for saying that as I listened my mind went back to recent political history in our country and the enunciation in solemn tones of great doctrines and principles by other recognized leaders of that party, and I was forced to the conclusion that the most

important of the many things that Canada has to be thankful for, from an economic point of view, is that both during the war and the reconstruction period her affairs were not in the hands of public men who, however well-intentioned, had that absolute lack of consistency in principle that is evidenced by the present leaders of the Progressive Conservative party. I think, honourable senators, that there has been more blowing hot and cold on major questions by the Progressive Conservatives recently than there ever was by any other political party in the history of Canada.

Hon. Mr. MORAUD: Small stuff.

Hon. Mr. ROBERTSON: I do not know of one major issue with which this country is faced that you could get two leading members of the Progressive Conservative party to agree on. They blow hot and cold on controls. My honourable friend urges that the control be taken off rents, and some other members of his party urge that it be kept on. There was scathing criticism of subsidies, and there has been scathing criticism of their discontinuance. I do not need to remind honourable members of what happened in two recent by-elections in eastern Canada. Despite the fact that the York-Sunbury riding in New Brunswick has been traditionally Conservative, and that the Halifax seat has in the past been won as often by the Conservatives as by the Liberals, the Progressive Conservative party's vacillating policy on major questions facing this country today was such that that party lost both elections; and indeed in Halifax its candidate dropped to third place.

Hon. Mr. QUINN: That was not the reason why they lost.

Hon. Mr. ROBERTSON: My honourable friend says that was not the reason. Well, certainly the party's presentation was not regarded very highly by the constituents, or else they would have voted differently. My honourable friend knows that.

What is the situation in this country? The honourable leader opposite (Hon. Mr. Haig) paints a gloomy picture; but I suggest to him and to all other honourable members that the position of Canada today, when everything is taken into consideration, is a very satisfactory one. I suggest that, chiefly of course as a result of the good sense and intelligence of the people of Canada, but also because of the administrative programmes of the government during the war and in this period of return to normal conditions, Canada has achieved a degree of economic prosperity that is perhaps not exceeded in any country in the world. This economic prosperity, largely by reason of administrative action, has been distributed so fairly and reasonably over the whole mass of the people, and the cost of living has been so kept down during war years, that the position of the average Canadian today is one that can only be appreciated when looked at objectively. Despite the dismal picture so graphically painted by my honourable friend of the circumstances of farmers in his province and in eastern Canada, in all seriousness I ask honourable senators to bear in mind how the income of the major primary industry of this country has improved. Anyone acquainted with the facts knows that the gross and net return of agriculture this year will probably reach a figure which, if not a peak, is at least twice as high as it was before the war. And further, as my honourable friend knows full well, this high income has been utilized wisely in reducing outstanding obligations to an extent never before attained in this country. Never before has the agricultural income been put to such good use as a hedge against the future.

What is true of agriculture is true also of other branches of industry. My honourable friends who are engaged in manufacturing know that their industries were never in a happier position than today. They have paid off their obligations or refunded them at lower interest rates, and there are bulging treasuries; in fact, some people think that financial conditions in this country are almost excessively good. In the light of the situation as we find it, one would have to be pretty pessimistic and take a very narrow view of conditions to arrive at the conclusion which my honourable friend expressed—indeed I have grave doubts that my honourable friend himself has in fact reached such a conclusion.

We are faced with problems arising to a considerable degree out of our great prosperity. Our price level has been kept down to such a point that it is impossible for most other countries to sell in our market. It is for this reason that, for instance, our traditional customer and supplier, Great Britain, finds it very difficult today to sell in the Canadian market. At the same time the pent-up purchasing power of this country, resulting from wartime savings and unprecedented wages, salaries and general returns from business, has tried to find an outlet in the customary way; and as we ourselves have not been producing sufficient goods to meet the demand, we have been buying heavily from the United States. This has brought about some serious conse-

quences. During the discussion on the Foreign Exchange Control Bill we were told that this would likely happen, but the development has been at a more accelerated pace than was anticipated. Of course, there is not the slightest doubt that extraordinary conditions in Europe have had a great effect here, but we should not lose sight of the fact that when everything is considered Canada is one of the happiest countries in the world from a governmental and business point of view. It is in a stronger position today than it has ever been before, and the very last thing that we should do is to get panicky and conclude that our present situation is anything but a passing phase. The simple and logical solution is to deal with it in its natural form and to correct an immediate condition.

There have been heavy demands upon Canada's reserve of foreign exchange, particularly in relation to United States dollars. My honourable friend opposite is to a certain extent justified when he asks: "Why did the government bring the dollar back to par at the time it did?" The answer is simple, and it is this: The government brought the dollar back to par because of the probability that, under then existing conditions, it would result in the maximum advantage to the people of Canada. As my friend knows, it was expected for one reason or another that our imports from the United States would be high, and that the placing of the dollar at par would add an extra 10 per cent to the cost of imports, thereby relieving some of the pressure on our price ceilings.

My friend opposite brushes aside with a gesture of his hand the problem of rising prices, and says "So what!" I say that this government regards the rising cost of living as a serious matter. There are features of it which are more or less inevitable; but we have treated it seriously, and as a consequence have often been subjected to criticism and abuse by our honourable friends opposite. We fought to gain control over prices with, I believe, the support of the vast majority of the Canadian people; and if the scheme was not the success it might have been, that was largely due to the unending criticism and sniping that came from the Progressive Conservative party in this country. We are interested in prices and the cost of living, whether my honourable friends opposite are or not.

During the war years we were successful in isolating ourselves in an economical way from the United States. Our surplus farm products were sent overseas, and our imports from the United States were small. The impact of high prices in the United States had no great effect upon us then; but as we moved into a world of multilateral trading, and raised our price levels, it was our hope that when the obstacles were removed Canada would be able to meet competition in the world markets with little dislocation of her economy. It was entirely unexpected that loss of farm products in the United Kingdom and on the European continent would create such a great demand for agricultural products from the United States and Canada. As a result of an act of God the demand for agricultural products is higher on the American market today than it otherwise would have been. This condition could not have been foreseen.

I am prepared to admit that as we move from the position of having our trade largely channelled to Great Britain, with the maintenance of price levels by reason of contracts with that country, and enter into a condition of multilateral trade which we hope will follow the restoration of the trade routes of the world, it is inevitable that our price levels will ascend to meet world prices. Such a change will cause some unavoidable dislocation, and will require the best brains and judgment in Canada to deal with it.

I say again to the honourable leader opposite that this country is essentially on a sound economic basis. In my opinion it is in a happier position than any other country in the world. I believe that the difficulties with which we are now concerned are transitory in their nature, and in the end may have a beneficial effect upon us.

The reports of huge agricultural production in this country during the past two years, together with full employment and great economic advances, have been at times almost frightening to me. I have asked myself: How is it possible that today, when such suffering and such difficulty is being experienced by the major countries of the world, we should be so prosperous and happy? It may well be that our present troubles and concerns will have the effect of checking us, so that we may avoid excesses which could seriously affect the whole economic life of our country.

My friend was no doubt drawing on his experiences at the United Nations meetings when he pictured the two strong ideologies which exist in the world today, and which cannot live together. The very thought is terrifying, for if the two factions cannot live together it means that war between them is inevitable. I have no way of knowing that such a war is inevitable, but I believe that

our system of economics and our way of life is on trial today as never before. On the one side there are the United States and the other countries which in varying degrees share our views; on the other side is Russia and those countries whose views differ so widely from ours; in between is the great mass of people who have not made up their minds one way or the other, and who are in doubt as to what course to take. I am convinced that if Canada goes from excess to excess, with a continual piling up of wage increases and augmented costs of production, the crash will come with terrific force. If our economic system were to be tried and found wanting, what substitute would there be for it? With such a spectacle before them, what would be the thoughts of those countries of the world which are sitting on the sidelines?

Honourable senators, I believe that Canada not only is greatly responsible for the welfare of her own people, but is morally obliged to join in providing other countries with a standard of living that will discourage the growth of communism within their bounds.

If we think through the problems which face us and deal with them in a spirit of full confidence and the resolution to build the best possible national economy, we need have no particular fear of a spread of communism. People, no matter who they are, desire to be free and to enjoy the highest obtainable standard of living. If we so act that our national economy can withstand the scrutiny and survive the test of those who would find fault with it; if we can so order our affairs that there shall be no recurrence of the terrible experiences which befell us between 1931 and 1933, we shall not need to worry much about the impact of communism on this country or other countries which follow our way of thinking. But if we fail to approach our problems with these purposes in mind, and therefore fail to solve them, there will be before us times of great anxiety, because we shall be menaced not only with bayonets but with the activities of those who come to our country impelled by a different point of view.

During the discussion of agricultural matters, particularly in the West, I have been surrounded by experts whose knowledge of the complex subjects involved is so much greater than my own that, recognizing my inability to answer successfully my honourable friend opposite, I shall leave the matter to them. My honourable friend is skilled in the law and in matters pertaining to western agriculture. But I urge him, whatever the temporary problems with which he or his constituency are faced, to be of good faith, because it is to be remembered that despite their difficulties agriculturists never before have been as prosperous as they are today; never were they in so sound a financial position to face the future. I would add also that never have they contributed more to the general welfare of the country. The conditions to which my honourable friend referred in such forcible terms are not such as should worry him particularly, because they will be dealt with, as far as any government can deal with such conditions, with the same care and success as has characterized the administration in the past.

On the motion of Hon. Mr. Howard the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 11, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SANTOIRE DIVORCE CASE

RELEASE OF EXHIBITS

Hon. JOHN T. HAIG, with leave of the Senate, moved:

That the following exhibits, namely:
No. 5, Letter
No. 6, Hotel registration card,
filed during the last session of parliament at the hearing and inquiry into the petition of Joseph Edmond Gerard Santoire, praying for a Bill of Divorce, be released to the petitioner.

He said: Honourable senators, the two exhibits referred to in the motion were filed by the petitioner during the taking of the evidence in this case before the Senate Divorce Committee. They are required in a lawsuit commencing tomorrow in Montreal, and it is quite proper to release them for the trial.

Hon. Mr. CRERAR: Will they be returned for the records of this house after the trial?

Hon. Mr. HAIG: They will be returned when the trial is over.

The motion was agreed to.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA APPROVAL OF GENERAL AGREEMENT

Hon. WISHART McL. ROBERTSON moved:

That it is expedient that the houses of parliament do approve the general agreement on tariffs and trade, including the protocol of provisional application thereof, annexed to the final act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom; and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

He said: Honourable senators, during the time that I have occupied the responsible position of government leader in this house, there have been many occasions when I have had the great honour and privilege of presenting legislation for your consideration. But however long I may be honoured with such opportunities, I do not believe that it will fall to my lot to present in this chamber proposals which, because of their intrinsic importance and their implications, are greater than those contained in this motion.

This motion relates to a matter in which I have not only a general interest as a Canadian, but which appeals to me personally in greater degree than any other question of public policy. I do not know why I should be particularly interested, in a general sense, in freeing the channels of world trade; but from the first moment that I was able to appreciate anything in the home in which I was brought up, on the south shore of Nova Scotia, I remember that, rightly or wrongly, we associated the position in which that part of the country found itself with what had occurred in previous years to interfere with the free flow of international trade. I remember spending my boyhood holidays in Lockeport, near the wharf where years before my grandfather had been engaged in the shipping trade. There was a time when his business had progressed to such an extent that sometimes four or five seagoing brigs were moored to one little wharf, and these vessels would carry the commerce of the world back and forth between Nova Scotia and other countries. Two of my mother's sisters were married to my grandfather's sea captains. That was the atmosphere.

With the passing of time I always felt that the various impediments that had developed in the way of free international trade had rung the death-knell of all that we had thought so important, and I hoped that one day some major turn of public opinion would serve to re-open the channels of free trade, not only for the benefit of Nova Scotia but for Canada in general and the world as a whole. I remember thrilling to a speech that was made by my honourable friend from Churchill (Hon. Mr. Crerar) during one of the election campaigns in Antigonish. I am not sure that I recall his words accurately, but the purport was that the growing impediment to the free flow of international trade had taken the breath of the sea from the nostrils of Nova Scotians. I recall how I thrilled to that statement, and how completely in accord with it was my own viewpoint.

Honourable senators, the documents which have been tabled in this house and to which we shall give consideration, represent the various agreements reached at Geneva. I shall enumerate them now because in due course they will be considered in detail.

First there is the general agreement on tariffs and trade, published in four volumes by the United Nations, and signed on October 30, 1947, by representatives of the following

twenty-three nations: Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, The Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, Britain and the United States of America.

The general agreement on tariffs and trade consists of three parts and an annex of twenty tariff schedules, one for each country, including Benelux and the Syria-Lebanon customs unions. As honourable senators know, Benelux is the composite name covering Belgium, The Netherlands and Luxembourg, which countries are to have a customs union of their own with one signatory for all three.

Part I of the general agreement concerns the principle of most-favoured nation treatment and the application of the new tariff schedules; Part II contains the general commercial provisions which appear in Chapter IV of the draft charter now under consideration at Havana, and Part III concerns the implementation of the general agreement.

Schedule V to the general agreement is printed in the United Nations document, and separately as No. 27A in the Canada Treaty Series, 1947. It lists the new rate of duty on all products on which Canada has granted tariff concessions. The rates in Part I apply to all countries to which Canada extends most-favoured nation treatment; the rates in Part II apply to all countries which qualify for our preferential tariff.

Then there is the protocol of provisional application of the general agreement on tariffs and trade. This protocol, which appears on page 88 of the document entitled No. 27 in the Canada Treaty Series, 1947, Final Act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, has been signed by eight of the twenty-three countries—Australia, Belgium, Canada, France, Luxembourg, The Netherlands, The United Kingdom and the United States—but remains open until June 20, 1948 for signature by the other fifteen signatories of the general agreement. For various reasons involved in the necessity of parliamentary sanction, or whatever other method of approval is employed, these fifteen countries have not yet signed the agreement, and consequently their schedules will not come into force on January 1, 1948, as will ours and those of the other seven countries which have signed the protocol.

The signatories of this protocol agree to apply, provisionally, Parts I and III of the general agreement—which relate to tariff concessions; and to apply Part II—which relates to commercial practices—"to the fullest extent not inconsistent with existing legislation." Signatories may withdraw from the protocol on sixty days' notice. In other words, if the signatories of the respective administrations cannot secure the necessary governmental sanction upon giving sixty days' notice, they can withdraw.

Supplementary agreements appear in appendices A and B of the document entitled No. 27 in the Canada Treaty Series, 1947, pages 91-107. Appendix A consists of an agreement between Canada and the United States of America, supplementary to the general agreement of October 30, 1947, on tariffs and trade, together with an exchange of letters and a note from the Canadian government to the United States government concerning the amendment of the customs tariff of 1907. Appendix B consists of an exchange of notes between Canada and the United Kingdom relating to the trade agreement between the two countries of February 23, 1937, and to the general agreement on tariffs and trade of October 30, 1947. Honourable senators will appreciate that these have to do with the reconciliation of agreements made between Canada and the United Kingdom and between Canada and the United States, in regard to the various treaties already in existence.

I hope the fullest possible details will be made available to this house. It seems to me to be desirable that this resolution and the related documents should be considered in conjunction with complementary moves that have been taken or may be taken in the effort to remove as completely as possible all barriers to international trade. Ever since the Atlantic Charter the United Nations have been hammering out agreements for co-operation in trade and currency matters, to the end that as far as possible the mistakes made after the last war should not be repeated. These efforts have resulted in: (1) the International Monetary Fund—intended to prevent competitive exchange depreciation, to stabilize exchange rates and to help nations in balance-of-payment difficulties; (2) the International Bank for Reconstruction—the purpose of which is to revive international lending on a large scale for such productive purposes as reconstruction and industrial agreement; and (3) this general agreement on tariffs and trade —a concrete step toward reduced tariffs, preferences, restrictions and discrimination. And at the moment there is being considered in Havana the I.T.O. draft charter, a blueprint of the free, non-discriminatory multilateral trading world toward which the nations are committed to move. Should drafting of that charter be attended with success, matters

resulting from it will undoubtedly be presented to this house for consideration in due course.

Before I go into a little more detail I think it would be well for us to refresh our memories of what happened immediately before and after the last war, in order that we may better appreciate the efforts that are being made to build on a firmer base than was then established. Many honourable members know far better than I do that prior to the last war international trade in the main was on a reasonably satisfactory basis. Great Britain was the chief trading country of the world; her markets were open to the produce of other countries; she was the world's banker. We in common with other countries found in her a ready market for our supplies, and enjoyed a reasonably smooth flowing of trade backwards and forwards. It is true that Canada and some other small countries had erected around themselves tariff barriers by means of which they sought to encourage a degree of development within their own respective territories; but, as compared with today and recent years, there had been relatively few obstacles in the way of the free flow of trade. The United States had been more or less a nation to itself. It was a very large country, with tariff walls around it, and not a big factor in international trade. I think that perhaps the first move of major importance made by the United States in recent years toward the removal of tariff barriers was the reciprocity proposal of 1911. As honourable senators will recall, it did not materialize. Then, in 1913 the United States introduced the Underwood tariff, granting concessions which, although not as great as would have existed under the proposed reciprocity agreement, nevertheless were a material factor in opening markets for our exports.

With the Underwood tariff in effect, 88·4 per cent of our exports entered the United States duty-free, and our trade with that country grew from $138 million in 1914 to $542 million in 1920. That period after the First Great War was marked by dislocation of European production and trade, and there began to appear what had hitherto not been a factor of any importance in international trade, namely, exchange restrictions and quotas; and they were followed by wide fluctuations in currency. In 1921 our currency dropped to 87 cents in relation to the American dollar. That year the United States, for one reason and another, including the effect of the depreciated currencies of other countries, imposed what was called the Emergency tariff; and Great Britain departed from her traditional policy of free trade by imposing a tariff of 33⅓ per cent to protect her key industries. In 1922 Congress passed the Fordney-McCumber tariff, and our exports of farm products to the United States, which in 1920 had amounted to $191 million, fell by 1929 to $92 million.

In the period between 1922 and 1929, largely as a result of the dislocations following upon the First Great War, all countries were busy erecting tariff walls. French tariffs went up to seven or eight times their pre-war level. Europe's huge debts could be paid off only by the sale of goods or the receipt of further loans. But the new tariffs and the flight of capital prevented either solution, and the result was a merry-go-round of default, currency depreciation, import quotas and exchange restrictions. In 1929, as honourable senators will remember, the depression began, and in the next year the United States imposed the Hawley-Smoot tariff. Under that tariff Canadian exports of farm products to the United States fell from the 1929 total of $92 million to $6 million in 1932. copper exports fell to one-sixth of their 1929 value, and lumber to one-fifth. In 1931 the Canadian dollar fell to a new low of 84 cents. During that year nineteen nations went off the gold standard, sixteen devalued their currency, and twenty-one introduced exchange control.

In the period from 1932 to 1935 the empire preference wall was erected. Then came a collapse in the United States, accompanied by bank failures and depreciation of currency. Every nation tried to export its unemployment problem by restricting imports, devaluing currency, controlling exchange, imposing quotas and embargoes, and by using a host of other devices which strangle trade.

The years 1935 to 1939 were characterized, however, by a new attempt to reopen trade. The United States reciprocal trade agreements program was the first step in a long process of cutting tariff barriers. In 1935 and 1938 Canada signed trade agreements with that country, and our exports to it began to climb; but very slowly. The actual figures were $305 million in 1935 and $376 million in 1939.

The years 1939 to 1947 brought a new spirit and a new set of economic controls and restrictions. There were, for instance, the Hyde Park agreement, lend-lease, mutual aid, the Atlantic Charter, the Bretton Woods agreements, loans to Britain, export credits, and now we have the Geneva agreement. It must be remembered that the various obstacles to trade during the war seemed to have a greater effect on the United States, than on ourselves. It is unbelievable that the mistakes made after the First Great War should be repeated in an endeavour to have

the countries of Europe repay their debts when at the same time their debtors refuse to take their goods in payment.

Honourable senators are aware that the amounts of money advanced by the United States during the recent world war exceeded by far its contributions during the First World War. The thought of requiring the countries who received the benefits to repay in the manner attempted following the first war, and which had such a vital effect on our economy, has practically been given up.

In an attempt to approach the present problem on a sound basis there are three deterring factors affecting the flow of international trade that must be recognized. I do not know that I put them in their correct order, but the first, I would say, is exchange instability; the second is tariffs generally; and I would place third the hidden tariffs which cause the regular tariffs to lose their significance. In this latter category there are, for instance, the valuation of currency for exchange purposes, quotas and new methods of carrying on trade, such as are now engaged in by the European countries and which may continue. In this connection I should mention state purchasing and bulk buying.

It is quite obvious to honourable senators that what tariffs there are in France or Great Britain against our goods have very little significance, if at the same time the method of trading is for the governments of those countries to purchase the total requirements of the country and, for one reason or another, to say that they have no intention of purchasing our goods.

Hon. Mr. HAIG: That is what the governments are saying now.

Hon. Mr. ROBERTSON: I give that as an instance of the present problem. It is therefore important and desirable that lower tariffs —if they are to be effective in attaining the objective which everyone seems to have in mind—be considered in all their implications in relation to other things.

The first consideration was the establishment of a relative stability of exchange. The representatives of forty-four nations met at Bretton Woods in the summer of 1944 to agree on a code of conduct regarding monetary practices, and to set up agencies which would assist in restoring stability of exchange and international investments. The Bretton Woods agreements were signed in June, 1944, and Canada ratified them in December, 1945.

The International Monetary Fund is a pool of gold and national currencies, to which each member subscribes a quota. A nation faced with temporary balance-of-payment difficulties may draw on this fund for aid in tiding over these temporary difficulties. The fund is not designed, however, to deal with the vast dislocations of the transitional period; its aims are long-run aims. Our chief obligation under the fund is not to vary our exchange rates, except to correct a "fundamental disequilibrium". If we change the exchange rate by less than 10 per cent we must consult the fund; to change it by more than 10 per cent we must get the permission of the fund. We must also avoid a variety of restrictive currency devices as early as our post-war problems will permit.

This brings us, honourable senators, to a question that today is very much to the fore; and like many other problems, it has two sides. During the period between the two world wars, with the accompanying difficulties of the depression days, the depreciation of currency became a common practice. The purpose of it was quite obvious. Countries which had goods that were priced high in relation to potential markets could not sell them and were forced, or they believed they were forced, to devalue their currency. That procedure made it easy for them to sell their goods in the market they wished to obtain. We are discussing a parallel condition today; we are considering a depreciation of our currency to make it easier for us to sell our goods in, let us say, the American market. This manoeuvre would simplify the matter of export, because the American dollar would then go much further in the purchase of our goods. Therefore it would seem to solve our difficulties; but the whole record of commercial transactions goes to show that the solution is not so simple. True, it would be simple if international trade were not a game at which two can play. May I illustrate it this way? If Canada were to depreciate her currency, her ability to sell in the United States market would be increased should the other countries with whom we are in competition for that market stand blissfully by; but when we followed that procedure in 1921, other countries became serious contenders with us in the American market, and public opinion in the United States forced the government of that country to take retaliatory measures. The result was that we reverted to our former position; it was almost as if the reverse position had been adopted. For instance, if because of the depreciation of currency in other countries, we allowed them to compete with our own producers, one can rest assured that it would not be long before public opin-

ion here would demand that this unfair competition be met by some retaliatory action on the part of our government.

I believe, honourable senators, that there is no royal road to the successful achievement of an export market. Some temporary advantage may result from a depreciation of currency, but the whole history of commercial transactions proves that the benefit is transitory and illusory, and that it only creates further instability. What our country and other countries have to do is produce articles as cheaply as possible, and give service in the selling of them. Producing and selling should be done in such a manner as to avoid stirring up public opinion in the country in which we sell. Otherwise our efforts can only result in some retaliatory action.

Taking the long-term view of our position as an exporting country, it would be of great advantage to be able to look forward to a period of reasonable stability. That would not mean that if need should arise we could not ask for and secure assistance under the terms of the International Fund agreement. Should our cost of production and price level reach such heights that we could not sell to the American market, for instance—which is the reverse of the situation with respect to some other countries—we might reasonably ask for relief from what is referred to as a fundamental disequilibrium; and it could be corrected by a depreciation of our dollar value. We do not think today that our dollar value is too high; the position is exactly the reverse. Our ability to sell in export markets is largely of our own making. As the leader of the opposition pointed out, the reason we do not ship cattle, wheat, lumber, and many other commodities to the United States market is not that our price level is too high to enable us to do so, but that the Government of Canada, rightly or wrongly, has thought it proper up to the present time to require an export permit, the object being to regulate the amount of goods left in this country.

Hon. Mr. HORNER: "Embargo" is a better word, is it not?

Hon. Mr. ROBERTSON: My honourable friend is quite right. I am only concerned to point out that in years to come this country might have not only a surplus, but a surplus at such high prices that it could not be sold in competition with other exporting countries. Were that condition established beyond question, it might be well to reduce the value of our dollar in relation to the United States dollar; but of course it would then have to be permanently placed on that basis. The principle is that exchange fluctuations designed for immediate commercial advantage are opposed to the spirit of stability of the International Fund. What we and all other countries are supposed to do is to produce articles on a fair and reasonable basis, in accordance with fundamental laws, and not resort to easy ways of doing business, because neither we nor any other country can get away with that kind of thing; it is a game at which two can play.

On February 18, 1946, the Economic and Social Council of the United Nations resolved to call an international conference on trade and employment to promote the expansion, production, exchange and consumption of goods. This is the conference which began in Havana on November 21 and is still in progress. In the interval, a preparatory committee has been at work preparing a draft charter for consideration at this conference. This charter would set out a body of rules for the conduct of international trade and the establishment of the I.T.O. This preparatory committee of the Economic and Social Council of the United Nations consisted of all of the eighteen nations on the Economic and Social Council, excepting Russia, which refused to take part. The committee held sessions at London in the fall of 1946, and in Geneva during the past summer. At London the United States took the lead in proposing a draft charter for the I.T.O., and it is this basic document, modified by the views of the other members, which has finally emerged in the form in which it is now being considered at Havana. Its text appears on page 7 of the second report of the preparatory committee, which I believe has not yet been distributed to honourable senators.

The charter—that is, the general one which was under consideration at Havana—consists of nine chapters of a hundred articles. They cover the whole range of international economic relations. While recognizing the problems of the immediate transitional period, in many compromise and escape clauses to which my honourable friend the leader of the opposition has correctly referred, they commit the nations to the eventual elimination of restrictive and discriminatory trade practices which in the past have strangled world trade.

In the meantime, at the first meeting of the preparatory committee in London, it became evident that there would be a long and difficult period before the provisions of the draft charter, the one under consideration at the moment at Havana, could be fully implemented. The United States, in particular, was most anxious that the achievement of these long-run objectives should be given every possible encouragement, and therefore urged

that a concrete step in this direction be taken at once by the leading trading nations. The preparatory committee welcomed this proposal and agreed to sponsor negotiations at its Geneva meeting for mutual tariff reductions and the narrowing of preferences, to be conducted concurrently with its drafting of the charter of the I.T.O. The outcome of these difficult negotiations is the general agreement on tariffs and trade, signed by twenty-three nations, and applied provisionally by eight nations as of January 1, 1948.

Not only have all nations agreed to make substantial tariff reductions, as set out in the twenty schedules annexed to the agreement—that is twenty individual schedules setting forth what each country agrees to do—but they have also bound themselves to apply the commercial provisions of the draft charter set out in part II of the general agreement when the agreement comes fully into force. In the meantime, until nations representing 85 per cent of the total trade of the signatories have ratified the agreement, the eight nations who have signed the protocol of provisional application are bound to implement, so far as they can within existing laws, part II of the agreement, which has to do with general commercial practices.

I was recently asked by an honourable senator what effect the discussions in which we have taken part will have on the question of the production and sale of margarine and our prohibition of the importation of this commodity. Under article XI of the general agreement we are bound to remove our ban on the import of oleomargarine. The product is not specifically mentioned, but we have bound ourselves to abstain from prohibitions of that nature. At present, however, the general agreement is in force only among those nations which signed the protocol of provisional application; and even then, part II of the agreement, in which this provision appears, need be implemented only to an extent not inconsistent with existing legislation. Consequently we need not change our law concerning the importation of margarine until either one of two things happens: (a) that the general agreement comes into force as provided in article XXVI, by the deposit of the instruments of acceptance by nations representing 85 per cent in volume of trade of the signatories, or (b) the draft charter of the I.T.O., which also contains this provision, is accepted by the Havana conference and comes into force, superseding the general agreement.

Trade-restricting devices—other than tariffs —must be eliminated sooner or later. These include discriminatory internal taxes, special transit requirements, improper use of dumping duties, arbitrary valuation for customs purposes, misuse of customs regulations and administrative discretion, arbitrary import restrictions, misuse of state trading, undue protection of local industries, and discriminatory exchange restrictions.

The agreement which we are now asked to approve is designed to stand by itself in case the draft charter now under consideration at Havana is never ratified, and a procedure is set out to cover such a situation. There is every reason to believe, however, that the majority of the nations at the Havana conference will ratify the draft charter, especially if it is decided to confine the benefit of the tariff concessions to the "members of the club." That, I believe, is the term which best expresses the situation. This agreement, which is not directed against any country, is worked from stage to stage. It represents the thought of people who have interests in common and who want to unite as far as possible to deal positively with this very important question—a question upon which action is almost universally agreed to be desirable but in practice has been hard to bring about. It means that a certain number will agree; and it is hoped that others, as their views change, will also join. Those who are in it will have extended to each other, of course, and only to each other, the most-favoured-nation treatment. In that case, if the charter is agreed to, the provisions of the general agreement would be superseded by the relevant parts of the I.T.O. charter when the latter came into force. The general agreement does not prevent Canada from directly negotiating further tariff reductions with a country such as the United States, so long as the concessions made are granted generally to other countries. This is the most-favoured-nation principle, already standard in the usual trade agreement.

Honourable senators, I realize that my presentation of this very important subject has been imperfect, and I should like you to think that I have only attempted to lift the veil on the importance and far-reaching significance of it. As mover of this resolution, I should like it to be understood, I do not anticipate that this matter is going to be resolved during the next two weeks or two months, but only when parliament has had whatever time it deems necessary to consider it.

There is a wealth of information which can be secured from the Canadian negotiators of these agreements. It would be absolutely out of the question for me to endeavour to impart such information. The only practical method the Senate has of securing information on such matters as this is by referring them to our standing committees; and I am sure

that honourable senators would welcome the opportunity of obtaining knowledge of this subject in that way. I am going to suggest, therefore, that this be done. But I do not wish to be misunderstood. I shall welcome discussion; indeed, I would ask the indulgence of the house so that I may be given another opportunity to speak on this matter after I have heard—not for the first time—what the officials have to say about it.

I think at some early stage we should refer the subject-matter of this motion to a standing committee, where we could hear such officials as Mr. MacKinnon, who is thoroughly familiar with all its ramifications and is in a position to deal with all the multitudinous details connected with various industries and tariff schedules. In addition to officials of the Department of Trade and Commerce, I think we should invite the leading representatives of various Canadian industries to appear before the committee to give their impressions of the general agreement. I make this proposal because I feel that some honourable senators might like to avail themselves of that information before they present their views. It is my desire that the motion be introduced at the earliest possible moment, so that there may be the longest possible interval between its introduction and the time when it will have to be resolved and decided either in the affirmative or in the negative.

As honourable senators are aware, the discussion on the Geneva trade agreements is now proceeding in the other house. From what I know of practice there, I imagine that when that house resumes following the Christmas recess, the debate on the Speech from the Throne will probably take some weeks, and the tariffs and trade agreement will not be approached for some time. In the meanwhile I should like honourable senators to have the most complete information obtainable from the officials of the Department of Trade and Commerce and such other witnesses as honourable senators think should be called. In the meantime the resolution can stand until honourable senators see fit to proceed with it.

Hon. Mr. DAVIES: May I ask the honourable gentleman if there is any date by which this resolution must be passed?

Hon. Mr. ROBERTSON: There is no set date. It is almost in the same category as the Speech from the Throne. The actual date of enforcement of these tariff schedules is January 1, 1948, but parliamentary approval need not be given until such time as parliament sees fit to give it. I believe that some six weeks elapsed between the time the 1936 Canada-United States trade agreement came into effect and the time that it was ratified by parliament. There is really no time limit. I am not laying so much stress on the immediate schedules, because these things move progressively; but my honourable friend the leader of the opposition (Hon. Mr. Haig) has said that because of many escape clauses in the agreement, he was afraid it would be a long time before it would function. In reply to him I should just like to point out that twenty-three nations have been seized of the importance of doing something about the matter, difficult as the task may be.

In the past the Senate Standing Committee on Immigration and Labour has supplied this country with valuable information on matters of vital importance; therefore I would suggest that this particular question be sent to one of our standing committees. This would serve a double purpose: it would give honourable senators a greater appreciation of the various aspects of the general agreement and at the same time it would enable every interested person throughout the length and breadth of Canada to obtain whatever information was disclosed to the committee.

In considering this subject a host of questions enter the mind as to what its long-term implications will be. For instance, my honourable friend from Medicine Hat (Hon. Mr. Gershaw) brought up an important point in relation to the opening of a market for cattle in the United States. As I see it, if the restrictions on the sale of cattle were removed, our sales to the United States would be greatly increased. It might be asked, "Then, why not do it?" It is true that we want the dollars and that our farmers want the business —and I have no doubt that the Americans would not object to getting the meat—but there is a complication. There is the question of how we can maintain an orderly control of the cost of living, and minimize as much as possible industrial unrest. It is probably not beyond the ability of man to do this, but it is a very interesting subject for consideration.

In the long run, reductions in the American tariff will tend to bring the cost of primary products in this country to par with the cost in the United States. For instance, in future the Canadian consumer may have to pay for agricultural products much the same price as Americans pay. If that happens, and if prices of manufactured goods continue to be higher here than in the United States, Canadian consumers will be placed in a very difficult position.

That raises the question of how far it might be possible to integrate the manufacturing industries of the two countries with a view to making manufactured goods available in Canada at the same prices as in the United States, while at the same time holding and, if possible, enlarging the volume of our own manufactures. The agricultural implement industry is an instance which shows that this is not impossible. I understand that today there is no tariff on the entry of agricultural implements from either country into the other. Honourable members who are more familiar with the business than I am will know whether implements of the same types and quality are manufactured in both countries. Of course, if I were making an election speech in Nova Scotia or in the Canadian West, I would say, "Take the tariffs off manufactured goods altogether and let them come in." But the matter is not so simple as that, as honourable senators know.

I believe we are entering into a period of changed industrial and business relations between Canada, the United States, Great Britain and other countries that think and believe as we do. It seems to me that the economic position of these countries has got to be integrated. And I say to honourable senators that many people believe that under these circumstances there is perhaps no more favourable manufacturing area in the world than the peninsula of Ontario. People for whose judgment I have great respect have said within my hearing that the time will come when that part of Canada will be the Ruhr of the new world. It has every advantage as a source of industrial power, and if it had the benefit of a much larger market Canadian consumers might be able to buy manufactured goods at the same prices as prevail in the United States. That is a matter of serious importance.

In normal times trade in this country and the United States has been carried on between individuals. But we are entering into trade agreements and expect to live beside and trade with—and indeed, if necessity arises, fight alongside—countries in Western Europe whose economies are and will likely continue to be, to a greater or lesser extent, on a different basis. These countries now and in the future may obtain their full requirements through state trading and bulk purchase. How can we reconcile our method of doing business with theirs? Remember, honourable senators, in Western Europe today the so-called conservative governments are socialists, who, rightly or wrongly, believe in state trading and bulk purchase. As my friend from Northumberland (Hon. Mr. Burchill) knows, the lumber business in eastern Nova Scotia has had an experience of that sort of thing. It may become a permanent method of trading. I think there could be a most useful inquiry into how we are to reconcile the two different viewpoints. Mr. McKinnon said to us, as he no doubt will say again when he appears before honourable members, that one of the problems that arose in the negotiations was how to draft terms for fair dealing between countries that do bulk buying and countries whose business consists of individual transactions. For the last eighty or one hundred years or more Nova Scotia has been selling most of its apples to the United Kingdom, but today not one of our apples is going there. The reason is not a tariff, but simply that the government of Great Britain decided that the purchases should be discontinued. My honourable friend from Northumberland, I think, has found also that the British government said it did not want any more lumber from the Maritimes.

Some consideration must be given to the reconciling of bulk trading with individual trading. A friend of mine in the East said to me, when I was down there recently: "This agreement may lead to a great increase in the sale of our goods to the United States, and a temporary advantage; but I do not like it, because in my opinion the American market is not as stable as the United Kingdom market. The official viewpoint in the United States often changes with a change in administration. One government lowers the tariff, but its successor raises it again." There is room for a good deal of argument about that, but I think that here again we are facing new conditions. In recent years political thought in the United States has undergone considerable revision. That country has been placed in a position of virtual leadership in the restoration of the world's economy. Today it is contemplating steps for putting the economic house of western Europe in order. It is the only country that can do the job. Is it conceivable that after the job is done the American government would say to the people of western Europe. "We have built your factories and helped you to start up in business again, but we refuse to buy any more goods from you"? That would not make sense; that is a policy which simply could not work in future.

To my mind it is significant that the two great political parties of the United States are involved in its present course of action. There is a Democratic administration, but the Congress is under Republican control. While

the immediate course of action results from powers that were given to the President, nevertheless I think that the Republican as well as the Democratic party has a greater appreciation of the fact that from political and economic points of view it is absolutely necessary for the United States to have mutually satisfactory arrangements with countries that think and believe as it does. Today neither the United States nor any other nation can wrap a cloak around itself and say, as might have been said twenty or thirty years ago, that it is not interested in the rest of the world, We must realize that changes have taken place in Great Britain with respect to credit and materials, and that the future may bring still further changes. For instance, many of the overseas resources and investments from which Britain received the income to buy more goods than she sold have been lost. From our point of view she may not be the ready market she has been in the past. I believe we should give careful consideration to the questions surrounding the stability of markets.

In view of the close relationship between the economies of Canada and the United States, I personally regret that the members of our Parliament and the members of their Congress, are only remotely acquainted. I am the government leader in the Senate and a member of the government, but I must confess that it was only through the recent United Nations meetings that I made the acquaintance of two members of the United States Senate. Previous to those meetings I did not know one American senator. I would go so far as to say that the matter of trade should be a subject for discussion between the legislators of the two countries. After all, the representatives of the people in the United States are, like ourselves, men of good will, and I think we should know more about their problems and they should be more familiar with ours. In the final analysis it is public opinion which decides these important matters.

Honourable senators, I believe I have contributed all I can to this debate. It will be observed that I have scarcely touched upon the details of the agreement. Again I suggest that I could make the detailed information available to honourable members in a more effective manner if the subject-matter were referred to a committee.

In conclusion may I say that I believe that Canada's future, and particularly that of my native province of Nova Scotia, is completely tied up with world trade. It must be remembered that the trend of the nations of the world, particularly the great trading nations bordering on the Atlantic ocean, is towards a customs union. If as a result of trade strangulation we, a maritime country, have lost our primary trade position, and fail to take advantage of the present trends, which we hope mean something, we will have nobody to blame in future but ourselves. Canada is not on the fringe of the economic unit, but is virtually in the centre of world activities.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable members, in my few remarks I wish to deal first with the closing comments of the honourable leader of the government. I concur in his suggestion that this resolution should be referred to a committee where we could hear the representatives and officials of the government who did the actual work of arranging the agreements. I would go a step further, and suggest that business organizations and others throughout Canada should have their representatives appear before us and explain how the agreements will affect them.

I notice by the *Debates* of the House of Commons that a committee of that house has been proposed to consider this same problem. Why could we not have a joint committee on this subject, as we have had on other matters? In that way we would secure wider publicity and a better understanding of the problems existing throughout Canada. As I understand the practice of the other house, the general committees are not set up until after the Speech from the Throne is disposed of. If this joint committee were to sit while the other house is engaged in debating the Speech from the Throne, there would be less interference from other committees.

I appreciate the very exhaustive history of tariffs and agreements which has been given by the honourable leader of the government. After some consideration of the agreements I must admit that they require a great deal of study. It would seem that when regulations are made they are accompanied by escape clauses. Of course I can understand that in the preparation of the agreements our negotiators, in order to gain something, had to make certain concessions, and it may be that these escape clauses were necessary. We all appreciate that frequently it is not tariff walls that keep our goods out of other countries, but rather the regulations within those countries with which we cannot comply.

The honourable leader has pointed out that Great Britain, France and other countries whose governments are doing bulk buying may say, "We have agreements with Canada, but we are not going to buy her goods." I have no inside information, but I understand that negotiations with respect to trade agreements between Great Britain and ourselves

are proceeding at the present time. My information is that Britain is willing to continue the wheat and cheese contracts, but is not very keen about buying butter, bacon, eggs, poultry and other commodities which we have in abundance and are ready to sell. All these questions should be considered, because the people of Canada are anxious for a wider world trade.

I repeat what I said yesterday, that in Canada three out of eight persons are engaged in producing or manufacturing for trade purposes. At the same time there is an ingrained feeling here that we must protect our people against exploitation of one kind and another. It is felt that the men and women of this country who work with their hands must be protected against the lower living standards which prevail in other countries. That is fundamental in our people.

The honourable leader of the government pointed out that we might adopt an agreement which, for instance, would be satisfactory to the Maritimes and the Prairie Provinces, but which would be strongly opposed by Ontario, Quebec and British Columbia. We must survey the whole field and decide what agreement is best in the interest of the country as a whole. In order to get the best agreement we must do as the negotiators did at Geneva—make concessions.

I am not as enthusiastic about the American market as is my honourable friend. He may be right—possibly there is a change in the attitude of the people of that country—but I believe progress in the matter of markets will be slow. There is a rising tide of sentiment in the United States which may carry the Republican party into office next fall. If that should happen, the element which believes in protection for its own people only will be in the ascendancy. Whether outstanding men, such as Senator Vandenburg, can hold back that tide, I do not know. I hope they can.

I am in whole-hearted agreement with the suggestion that this matter should be referred to a committee, and in saying this I am sure I speak for the members of this side of the house. We are for world trade, not only because it is beneficial in itself, but for the reason that we believe it will help the cause of peace. I want that to be clearly understood. At the same time, while supporting the reference of this subject to a committee, or whatever other procedure the government leader has in mind, I ask, not only for myself and my associates, but for the people of Canada, that there shall be a full and complete investigation of the agreements. They will be much more effectively supported if the people of Canada know what they are and what they are designed to do. In committee we must not be afraid to criticize, and we must welcome criticism, so that all the problems involved may be thoroughly understood. I repeat that I heartily support the idea of sending the question to a committee, and I suggest to the leader that the chairman of whatever committee he selects—

Hon. Mr. ROBERTSON: The Canadian Trade Relations Committee.

Hon. Mr. HAIG: —should get in touch with the appropriate persons in the other place and see whether a joint arrangement cannot be made for the consideration of the agreements. Thereby public money and the time of officials would be saved, and the importance of the investigation increased.

Hon. NORMAN P. LAMBERT: I wish to take a moment or two of the time of the house to refer to one outstanding general aspect—

Hon. Mr. ROBERTSON: May I interrupt my honourable friend? It has occurred to me that honourable senators who speak now on this general agreement may thereby deprive themselves of the right to speak on it at a later stage. The thought is in my mind, and I submit it for consideration, that I should ask leave to revert to the item of "Motions", and move that this matter be referred to the Standing Committee on Canadian Trade Relations. This would enable honourable senators who wish to speak at this time to speak on the motion, and at the same time it would preserve their right to discuss the present resolution after they have had further information. The resolution itself could stand adjourned, perhaps at the instance of my honourable friend opposite. Then, should anybody now wish to discuss the subject generally he could speak on the motion of reference without being precluded from discussing the general resolution later on.

Hon. Mr. CRERAR: That would be all right if His Honour the Speaker would allow us the necessary latitude. There is much to commend the suggestion of the leader of the government, but I would point out that a resolution to refer the subject-matter to a committee scarcely provides sufficiently wide scope for a discussion of the merits and demerits of the proposed agreement. However, the course suggested is quite satisfactory to me. I hope that in so expressing myself I am not exhausting my right to speak on the agreements.

Hon. Mr. ROBERTSON: I do not think we need be unduly technical. It seems to me that, with the permission of His Honour

the Speaker and the house, honourable senators could again speak on the subject after they have received much more information than it is possible for me to impart. Unless some honourable senator objects, I do not see any particular reason why His Honour could not permit us to go fairly far afield, without prejudice to our right to speak again later. I do not know the viewpoint of the leader opposite.

Hon. Mr. HAIG: As far as I am concerned, I join with the Leader of the Government and the honourable senator from Churchill (Hon. Mr. Crerar) in asking His Honour to waive any rule which would prevent the widest discussion of this matter. If the honourable member for Ottawa (Hon. Mr. Lambert) wishes to do so, I would let him speak now, and again later on.

Hon. Mr. LAMBERT: I am very grateful to the house for its generous disposition in relation to the few remarks I want to make. I would preface them by the complete and positive statement that I am today as much in favour of adopting the proposed agreement contained in this international charter as I shall be when we have finished this discussion.

On the general aspect and significance of the whole agreement, I wish to point out, honourable senators, that when in 1945 we dealt with the United Nations charter, which came to us from San Francisco, we were looking forward to a world safeguarded for peace and security. In approaching the Geneva charter, our ideal is precisely the same. This Geneva charter is the work of the specialized agency called the International Trade Organization, one of the developments of the United Nations organization, and it should be followed by the adoption of the principles underlying it.

I think that the significance of these agreements should be considered from the point of view I have mentioned. The Economic and Social Council of the United Nations was charged, under the articles numbered LV to LXIV, with the very work that has been undertaken by this international trade organization at Geneva, and its basis is the idealism which led to the bringing together of the various nations of the world at San Francisco in 1945.

The proposal to draw up a charter for international trade originated in the fourth and fifth principles of the Atlantic Charter, which was drawn up by the late President Roosevelt and Mr. Churchill in August, 1941; and I want to put on *Hansard* those two principles, in order to give the real background of the project which we are about to consider. They are as follows:

> Fourth, they will endeavour, with due respect for their existing obligations, to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;
>
> Fifth, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labour standards, economic adjustment, and social security.

The principles enunciated in those two articles were incorporated in article VII of the Anglo-United States loan agreement, and the same idea appeared in the special clause which is included in every lease-lend agreement entered into by this country, the United States and Great Britain during the war. Therefore, the whole outlook of the allied countries, led by the United States and Great Britain and with the full co-operation of countries like Canada, was to the time ahead when economic recovery and social security could be adopted in such a charter as this.

It should also be stated that shortly after the United Nations Charter was evolved at San Francisco on December 21, 1945, the State Department of the United States published the proposed details of the charter that is now before us. Eighteen nations were invited to join the United States in negotiating a multilateral trade agreement, and it was found expedient at that time to have the United Nations Economic and Social Council take charge of the proceedings. A preparatory committee was instructed to prepare a charter for an international trade organization; and this charter was ultimately to be presented to the World Conference on Trade and Employment, which began its work in London, England, in 1946, carried on until October of this year in Geneva, and then adjourned to the date of the meeting that is now being held in Havana, Cuba.

This charter is the result of a most intensive study by hundreds of government specialists from the seventeen different countries represented in this agreement, and is for the purpose of bringing about a compromise document. While the charter is obviously a compromise document, it nevertheless is the deliberate judgment of every government represented at the Geneva Conference as to what each of them would be likely to expect in providing for a world trade basis for international economic co-operation, and I feel that what is now before us in the form of a proposed basis for enlarging world trade is a far more historic document than the majority of us realize.

The world has failed to appreciate the value of any of the great political objectives which were expressed in San Francisco at the United Nations Conference, but it has at least lived to see this very practical suggestion evolved from the aspirations and idealism of that time.

In spite of the very spectacular and interesting discussions that took place at the last two meetings of the General Assembly—and I hope at a later date my colleagues who were in attendance at New York will have something to say about those meetings—I do not consider that anything which occurred during the proceedings compares in importance with the development that has taken place under the auspices of the International Trade Organization, which is one of the specialized agencies of the United Nations. In my opinion the Geneva Charter, which is to be followed by the more general principles embodied in the Havana Charter, represents a practical road to world peace. This document is equal in importance and in every respect to the United Nations Charter, which passed both houses of our parliament in 1945. In dealing with it we may well feel that we stand at a very important and critical point in the history of this country and of the whole world. I do not particularly desire at any time to deal at any great length with the tariff details and provisions which are included in the various schedules of the charter. The fact is that it lays a basis for the evolution of a new world out of a very drastically changed one; and any person who has tried to maintain an objective and detached view of what has gone on throughout all the continents—not only during the war but immediately after it—must realize that the world has changed.

The United States gave leadership to this movement for wider trade, and initiated the proposals; and it was under the auspices of that country that the first conference took place. It has shown a most generous and wise attitude towards the adoption of a policy which will carry out some of the idealism of the late President Roosevelt and Mr. Churchill, as expressed in the Atlantic Charter.

If we can approach in the proper spirit the adoption of the resolution or agreement which has been so ably presented to this chamber by the leader on this side, we shall at least capture some of the true purpose of the recommendations which have come to us from Geneva.

In conclusion I should like to pay tribute to the representatives of this country who sat in the Geneva conference and helped to work out the details of the tariff agreements made amongst the seventeen countries.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: In many years of Canadian history I do not know of any work that has been accomplished that is more important than the work done by our delegates to Geneva. Headed by Mr. Wilgress, Mr. MacKinnon and Mr. Deutsch, they gave six months of their time, patience and ability to achieving something which other countries, such as the United States, have recognized, by giving Canada her full share of credit.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: I do not know of any work done by representatives of our civil service which compares with the contribution made at the Geneva conference by the men I have named. This charter is a sort of glorified jigsaw puzzle composed of fragments of the debris and devastation that have covered the world since the war, and the completed picture represents the beginning of decency and normality for human beings in the years to come.

Hon. W. RUPERT DAVIES: Honourable senators, I wish to express my appreciation of the excellent and able manner in which the leader of the government (Hon. Mr. Robertson) presented the resolution to us this afternoon. I should like to say too that I fully agree with the commendation by the honourable senator from Ottawa (Hon. Mr. Lambert) of the good work done by the civil servants who represented Canada at Geneva. I might mention that when this group of officials went to London a little over a year ago, I crossed on the same ship, and every morning and afternoon they held sittings at which they worked away at the presentation they were going to make on Canada's behalf. They are most earnest, sincere and patriotic Canadians.

My principle reason for rising at this time is to ask the honourable leader if he can tell us what is going to be the position as to trade with Russia. Is this general agreement being made by a number of nations which will more or less trade among themselves and leave Russia and her satellite countries out of the picture altogether? What exactly will be our position as to trading with Russia when the resolution now before us has been passed and the general agreement is completed?

Hon. Mr. ROBERTSON: I think that our position as to trading with Russia will be no different from what it is today. Her exports

to this country or the United States, or to any other country signing the general agreement, would be subject to a higher tariff than would those of a country that is a party to the agreement.

Hon. Mr. QUINN: Is the door not open to her?

Hon. Mr. ROBERTSON: Yes, and to her satellites. The countries of western Europe are negotiating at present. Russia herself is not, but the door is open to her. If she does not participate in any agreement she will not have the advantage of the favoured-nation treatment that she would otherwise receive.

Hon. Mr. DAVIES: Would that attitude by Russia more or less militate against some of the large manufacturers of this country? Years ago the Massey-Harris Company, for instance, was a big exporter to Russia, and for all I know it still may be. How would its business with Russia be affected as a result of this general agreement?

Hon. Mr. LAMBERT: That company would be in the same position, I should say, as a manufacturer in Great Britain that desired to trade with Russia. The fact that Russia is not participating in this general agreement made at Geneva would have no effect upon possible trade between that country and Canada.

Hon. Mr. QUINN: Russia would be in the same position as any of her competitors, would she not?

Hon. Mr. LAMBERT: Yes.

Hon. T. A. CRERAR: Honourable senators, we are all indebted to the leader of the government (Hon. Mr. Robertson) for the comprehensive review that he gave when introducing this very important resolution. In the troubled state of the world today there is no surer way of promoting the relationships that are necessary between countries, if peace is to be maintained, than by encouraging in every way possible their trade and intercourse with one another. That is why I agree with the honourable senator from Ottawa (Hon. Mr. Lambert) that the agreement referred to in the resolution is of paramount importance right now.

In the formative years of my young manhood I was greatly influenced by Morley's *Life of Richard Cobden*. Cobden was one of the founders of what later became known in Great Britain as the Manchester school, and while there has been a great deal of departure from the theories of that school, I think that in one respect they have stood the test of time. Cobden's thesis was that there was no surer preventive of war than friendly trade between nations.

Hon. Mr. BURCHILL: Hear, hear.

Hon. Mr. CRERAR: That is just as true today as it has been at any time in history. If we had had a visitor from Mars a few years after the last war I think he would have been amazed at the rampant growth of both political and economic nationalism throughout the world. I am bound to say that in my judgment the country to the south of our borders failed greatly after the last war. The honourable leader of the opposition (Hon. Mr. Haig) in his contribution to the debate expressed a doubt as to the permanence that might be found in any trade arrangement that we made with the United States, and rather to my regret he intimated that we still must have regard to the protection of our industries in Canada and the maintenance of our standard of living. I had hoped that after his interjection yesterday in the debate on the Address he had somewhat changed his mind, and I think that on reflection he probably will change it.

If we are going to erect trade barriers on this or that pretext, then the grand international purpose behind this resolution will fail; and I really think that if it fails, one of the great hopes of the world today will fail with it.

It requires very little argument to convince one that what Canada needs more than anything else is future markets. Canada is a country with great potential resources, and if she can find the markets for her surplus foodstuffs, timber, commercial metals, fish and other commodities which she is capable of producing, she will have established the surest basis for an enduring prosperity.

If a lesson has been learned from the experiences of the past—and I believe that this applies to the United States more than to any other country—it is that trade is not a one-way street: if a country is to sell its products it must expect to buy the products of other countries.

I feel that the fear expressed by the leader opposite (Hon. Mr. Haig) in his brief contribution to the debate this afternoon is not fully justified. It is interesting to look at the history of the United States during the past forty years. We had an opportunity to negotiate a good trade arrangement in natural products with that country in 1911. I do not propose to thresh old straw, but 1911 is far enough back to afford an objective viewpoint. The trade arrangement with the United States was agreed

to by a Republican administration, headed by President Taft. The Republican party in that country, as everyone knows, were traditionally the high-protection party; but they had moved so far forward in their thinking that as long ago as thirty-six years they were willing to negotiate a very comprehensive trade agreement with Canada.

The Republican party went out of office in 1912 and the Democratic party came in. One of the first acts of the Wilson administration was to introduce what was known as the Underwood tariff, which greatly reduced the duties on imports going into the United States, and was of distinct advantage to Canada. It is noteworthy that from 1911 until the Democratic party went out of power in 1920 the offer made by the Taft administration for a reciprocal trade agreement with Canada remained on the statute books of the United States, and it was not until after 1920 that it was withdrawn.

It is true that following the First World War the United States retreated into an economic and political nationalism, to the great misfortune of the world. The failure of that country to come into the League of Nations was probably the most serious single disaster which has visited the world since the close of World War I. Had the United States in 1920 been prepared to play the part in world affairs that she is playing so admirably today—and I am not saying this in criticism of the American people or their government—I think the events of the past twenty-five years would have been vastly different.

When the Fordney-McCumber tariff, referred to by the honourable leader of the government, was put on in 1922, the United States retreat into isolationism was complete; but in order to make it still more secure the Hawley-Smoot tariff, which further increased American duties on goods from the outside world, was adopted in 1930.

The effect of United States tariffs was felt by France, Germany, Belgium and other European countries, and they in turn raised their tariffs to almost unprecedented heights. From 1930 until the outbreak of the recent world war practically every conceivable obstacle that could be devised by the wit of man was put in the way of the natural exchange of commodities between countries.

After 1930 the Democratic administration in the United States, headed by President Roosevelt and guided by that great Secretary of State, Mr. Hull, endeavoured patiently to undo the damage that had been done. The trade agreement that was first arranged in Mr. Bennett's regime in 1935, and carried through to a consummation after the present government came into office, was a result of the efforts of Mr. Hull. Honourable senators will recall that the agreement was further enlarged and extended three years later, and was in force at the outbreak of the war.

It is quite true that under the present proposals we will lose some of our preferential advantages in the British market; on the other hand, I think we will get substantial concessions from the United States. I need not enumerate them here; they can be dealt with and their value assessed when we consider this matter in committee. I do believe that on the whole range of natural products which Canada has to sell, including agricultural products, livestock, commercial metals, products of our fisheries, lumber, and many other things, we get valuable concessions from the United States.

I emphasize what I said a few moments ago, that the all-important objective for the Canadian people is the securing of markets. If we cannot sell our products we are bound to have unemployment. And I repeat: we can only sell our products if we are prepared to exchange them with other countries for what they produce. Looking broadly at the proposed agreements I believe that they contain definite advantages for Canada.

The honourable leader opposite spoke of the escape clauses. I regret that there are such clauses, and that this arrangement provides for a period of only three years. In that respect I believe we have to appreciate the task which faced the negotiators, who spent six months at Geneva—from March until October—hammering out these agreements. I should like to associate myself with what the honourable senator from Ottawa (Hon. Mr. Lambert) has said in tribute to the fine ability displayed by the representatives of Canada at that conference.

I should have liked to see a little more emphasis placed on the principles underlying trade. But when so large a number of nations as those represented at Geneva are assembled, naturally their delegates have to keep in mind opinion back home; and it may well be that the progress made at Geneva was as great as was possible in the light of the political conditions existing in the countries there represented. I hope that in our discussions of these very far-reaching proposals we shall take the large, the broad and especially the long view: we cannot afford to take any short-range view in our judgment of what the government have submitted to us. Problems of dollar exchange, general problems of currency, and many other questions are before us at the present time. I am convinced that if the Canadian people are given a fair chance they can, by the devel-

opment of their skill and their labour, produce the goods which will enable Canada to trade its way back into a complete, full and permanent prosperity; and that objective is the very essence of the proposals which have been submitted here.

Trade with Russia is very largely a matter for Russia herself. She was invited to attend the conference at Geneva. She ignored the invitation. That of course is her right. In looking at the European picture today I find one point of special significance. We hear a great deal of talk about the iron curtain which separates eastern Europe—Russia and her satellites—from western Europe. I have a feeling that in the end economic forces will triumph over these manifestations of political nationalism. Why do I say so? East of the iron curtain in Europe are the great food-producing areas of that continent; west of it are Europe's great manufacturing areas. Sooner or later these satellite countries of Russia will be more and more interested in trying to exchange their products, agricultural in character and in the main such as we produce, with the countries which can furnish them with the manufactured goods they need if they are to raise their standards of living.

I fully agree with the suggestion of the government leader that this resolution should be referred to committee, where we can get more information about it.

I conclude with this remark; that in these troubled days nothing is more important than that we should promote in every friendly way we can the closest intercourse possible, in matters of trade, travel and otherwise, between our country and the other countries of the world.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I would feel that I had been negligent if I did not express my pleasure at the resolution which has been moved and the subject-matter of which we are proposing to refer. All my life I have been a free-trader; I have maintained that position in the great stronghold of protection, the city of Toronto, and have never allowed the light to go out.

I remember the hard times through which we passed when I was a very young boy on the farm, and which were due to a change of the United States tariff which shut out, among other things, our barley and our lambs. There were hard times on the Canadian farms in those late eighties and early nineties. My mind revolted against the unfriendly attitude of our great neighbour to the south of us, which brought poverty to my household and to our neighbours, because it prevented us from shipping abroad. It was not until later times that we developed our ability to ship to the European market. Later, like my honourable friend from Churchill (Hon. Mr. Crerar), I read the literature on this subject. I too read the *Life of Cobden,* and I remember being greatly impressed with the writings of Adam Smith; but clearest, and most incisive of all, was Henry George on protection and free trade. The clearness with which these masters of economics proved their propositions impressed my mind; and I have always felt an impatience at those seductive fallacies of protection whereby people lift themselves by their own boot-straps, make themselves prosperous by tying their own hands, increase their standard of living by shutting out the goods of other people, and look upon trade as an offensive operation, and the sending of the commodities of other nations to our country as an unfriendly act. I have been a free-trader because I believed in freedom in the broadest possible way, and because the philosophy of free trade seemed so appealing, so clear, so obvious, and so full of good will.

I look upon this step, though a short and maybe a halting one, as a great change in the viewpoints of the people of the world.

I listened yesterday to the remarks of the leader of the opposition, speaking on behalf of the Conservative party, and when he got through I told him I intended to propose his name for membership in the free trade league. He did not fall for that. He was just led away by the enthusiasm of the moment to say a lot of things which were true, but, as a party leader, he hedged immediately, because his party has always pandered to the private special interests that gain advantage by a partial bondage of their fellow-men.

In the 1911 election I, as a young man—certainly younger than I am now—took as great a part as I could, and for six long weeks spoke afternoons and evenings in advocacy of free trade, or freer trade as it was proposed at that time. Today, with the leader of the government, I marvel at the inconsistency of a leader of the Conservative party talking at this time about the right of the Canadian farmer to sell in the markets where he can get the highest price, but either hedging, or saying nothing about buying in foreign markets where goods are offered at the lowest price; as though the one were not the natural corollary of the other.

My honourable friend from Churchill voiced regret that general principles relating to freedom of trade are not expressed in the documents before us, which consist for the most part of changes in tariff schedules. I too

have been unable to appraise the importance of the schedules. It is impossible for one to read them and really understand what they mean; but I would call the attention of my honourable friend from Churchill (Hon. Mr. Crerar) to the opening paragraph of the document called the Final Act, in which it is stated at page 6:

> Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, insuring full employment and a large and steadily growing volume of real income and effective payment, developing the full use of the resources of the world and extending the production and exchange of goods.

It then runs on to the detailed schedules of this agreement. Thus it can be seen that the document is not entirely without a statement of principle. It is for the purpose of bringing these good things about that the negotiators of this agreement propose the practical steps they have outlined in their schedules. The agreements are not so important in themselves as they are in the fact that they constitute a first step. I could write an agreement myself which would be much more satisfactory to me than the one which is now before me; but let us not forget that those who took part in the writing of this agreement had to secure the concurrence of the representatives of seventeen other nations.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROEBUCK: In these agreements the first great step has been taken towards a more enlightened trade policy throughout the world. This will lead to a second step, and by successive steps we may achieve a world in which men may buy and sell with one another, and in that way lay the foundations of permanent peace.

Honourable senators, I am very happy indeed to have the privilege of addressing myself to this measure, and to compliment the leader of the government on his proposal to submit this to a committee where we may gain a better knowledge of the details.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. White, the debate was adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, you will recall that I originally suggested that this house sit tomorrow, but in deference to the late Senator Bench, whose funeral will be held tomorrow at St. Catharines, I would now move that when this house adjourns it stand adjourned until Monday, the fifteenth day of December at 8 o'clock in the evening.

Hon. Mr. ROEBUCK: Would the leader of the government give us some indication of what will be taken up on Monday evening?

Hon. Mr. ROBERTSON: I should like to present the legislation with regard to The Continuation of Transitional Measures Act, 1947, and the legislation in regard to The Agricultural Products Act; also it is my hope that after this legislation is presented we shall continue with the debate on the Address in reply to the Speech from the Throne.

The motion was agreed to.

The Senate adjourned until Monday, December 15, at 8 p.m.

THE SENATE

Monday, December 15, 1947.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA—APPROVAL OF GENERAL AGREEMENT—REFERENCE TO COMMITTEE

Hon. WISHART McL. ROBERTSON moved:

That the standing committee of the Senate on Canadian Trade Relations be directed to inquire into and report upon the subject matter of the general agreement on tariffs and trade, including the protocol of provisional application thereof, annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom.

That the said committee be authorized to send for persons, papers and records.

He said: Honourable senators, I should like to make brief reference to two phases of this motion.

First, on December 10 the Prime Minister agreed, I believe at the suggestion of the leader of the opposition in another place, to withdraw his request that parliament sanction the complementary agreements between Canada and the United States of America and between Canada and the United Kingdom. It is my intention at some future date to move a similar motion, so that our resolution may be in keeping with that of the other house. I have not the exact phraseology of the amended resolution before me, so I am now moving with the understanding that the portion of it to which I have referred will in due course be withdrawn.

Secondly, for the benefit of honourable senators who were not present on Thursday last, I may say that I then suggested referring the subject-matter of these agreements to the Standing Committee on Canadian Trade Relations, so that honourable members could secure more details; and that the committee should call before it Mr. Hector MacKinnon, Mr. Deutsch, and other government officials who were directly concerned with the negotiations at Geneva, as well as anyone else who could throw light on the subject. If the resolution is adopted, the officials will be available tomorrow. After consultation with the chairman, I have taken the liberty of calling a meeting of the committee at 10.30 in the morning. The usual notices, of course, will be officially sent out if and when the Senate approves of this procedure. I need not emphasize the fact that every honourable senator will be welcome at the meeting, and I am sure that a good deal of information will be forthcoming.

Hon. Mr. BALLANTYNE: May I ask who is chairman of that committee?

Hon. Mr. ROBERTSON: Honourable Senator Euler.

Hon. Mr. HAIG: I take it that it is not the intention to close up the matter tomorrow, and that the proceedings probably will not be completed until after the Christmas adjournment.

Hon. Mr. ROBERTSON: That is so. The resolution will stand on our Order Paper, and the meetings of the committee can continue as long as the committee sees fit.

Hon. Mr. HAIG: Before the motion is carried, may I express my hearty concurrence in what the leader has said. The people of Canada, as represented by such bodies as chambers of commerce, labour unions, railway organizations, and business men should be encouraged to attend these meetings, to present their views and, if necessary, propose amendments. The agreement is so complex that I doubt whether even an expert could digest it in a month. I believe that if a live interest were taken in the work of the committee on this problem, it would be greatly to the advantage of the people generally; and I am very glad that the leader has intimated that he will not try to have the committee sessions concluded this week.

Hon. Mr. ROBERTSON: It will be for the members of the committee to consider and determine what they will do; but my own opinion as a member of the committee, so far as it may have any weight, would support the continuation of the inquiry as long as seems advisable. Honourable senators understand that at the moment the resolution for approval stands adjourned in the name of the leader of the opposition. That simply means that it is adjourned pending the securing of additional information.

Hon. Mr. HAIG: That is so.

Hon. Mr. ROBERTSON: If it should happen that after one or two sessions honourable senators desire to continue the debate on the agreement, I see no reason why, with the concurrence of the Senate, they should not do so. But I repeat that, so far as I am concerned as a member of the committee, it is

my view that the committee should continue its discussions so long as it is felt that any worth-while information is obtainable, and that the resolution should not be disposed of meanwhile.

Hon. Mr. HAIG: That is right.

Hon. Mr. ROBERTSON: It remains on the Order Paper.

The motion was agreed to.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION UNTIL MARCH 31, 1948

Hon. WISHART McL. ROBERTSON moved:

That, whereas section seven of the Continuation of Transitional Measures Act, 1947, being chapter sixteen of the Statutes of 1947, provides that subject as thereinafter provided, that act shall expire on the thirty-first day of December, one thousand nine hundred and forty-seven, if parliament meets during November or December, one thousand nine hundred and forty-seven, but if parliament does not so meet it shall expire on the sixtieth day after parliament first meets during the year one thousand nine hundred and forty-eight or on the thirty-first day of March, one thousand nine hundred and forty-eight, whichever date is the earlier: Provided that, if at any time while that Act is in force, addresses are presented to the Governor General by the Senate and the House of Commons respectively, praying that that Act should be continued in force for a further period, not in any case exceeding one year, from the time at which it would otherwise expire and the Governor in Council so orders, that Act shall continue in force for that further period;

And whereas it is considered desirable to continue the said Act in force until the thirty-first day of March, one thousand nine hundred and forty-eight;

The following address be presented to His Excellency the Governor General of Canada:

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament asembled, respectfully approach Your Excellency praying that the Continuation of Transitional Measures Act, 1947, be continued in force until the thirty-first day of March, one thousand nine hundred and forty-eight.

He said:

Honourable senators, the object of this resolution is to extend to March 31, 1948, the Continuation of Transitional Measures Act, passed at the last session of parliament. This is the Act under which certain emergency powers, such as rent control and the remaining price controls, are continued in force. The necessity for extending the term of this measure for a further three-months' period arises from Section 7, which provides that the expiry date of the Act shall be December 31, 1947, if parliament meets before that time. Had parliament not been called before the end of the year the Act would have remained in force until March 31, 1948. All that this resolution does is to put back the expiry of the Act to the date on which it would have expired had parliament not met until the usual time in January. The period between now and the end of March, 1948, will give parliament an opportunity, after it reassembles in the latter part of January, to consider a further extension of particular emergency powers, or any other proposals which may be placed before it for consideration.

Hon. T. A. CRERAR: May I ask, before the motion is put, whether it is anticipated that when parliament resumes legislation will be brought in to further extend the powers under this measure?

Hon. Mr. ROBERTSON: I am not in a position at this time to make any statement as to what measures may be brought forth. I am not clear as to what statement may have been made in another place with respect to that point, but I am under the impression that the Minister of Justice, in presenting this resolution, intimated that whatever might be continued would be incorporated into permanent legislation. I am only speaking from memory, but I think that is the purport of his remarks. I beg the indulgence of the house if I am wrong.

Hon. Mr. HAIG: That is what was said.

Hon. Mr. ROEBUCK: Could the honourable leader of the government give this house some idea of how much of the order-in-council legislation that was in force when we passed the extension measure of last session still remains in effect. I have a very clear recollection of the explanation given by the honourable senator from Vancouver South (Hon. Mr. Farris) when that measure was before us. He stated that the purpose of the extension was to allow the government a sufficient length of time to dispense with the orders in a methodical way, and I think he expressed the views of all of us when he said it was not desirable that legislation of such a nature be extended into peacetime. He expressed his

regret that this type of rule existed, saying he feared that young men and women might become inured to it and forget the kind of government that we had prior to rule by order-in-council. I recollect that he grew sufficiently eloquent in the matter to quote the words of Pope:

Vice is a monster of so frightful mien,
As to be hated needs but to be seen;
Yet seen too oft, familiar with her face,
We first endure, then pity, then embrace.

I was impressed with the aptness of the quotation as well as the truth of the expression at that time. It would be some satisfaction to me to know that in the interval the government had made some progress in dispensing with that kind of legislation, and it would be useful to know also how much of it is still in force.

We must of course vote for the extension; there is no question about that. It is only a short extension, and the real debate will no doubt take place later on when the session is resumed and the measure comes before us once more. But I repeat that it would be some satisfaction to know right now that some progress has been made along the line I have indicated.

Hon. Mr. ROBERTSON: I am sorry that I have not that information at the moment, but I think I could readily secure it. I know that a considerable number of orders in council which were in force when the legislation was passed have ceased to function, and I shall endeavour to find out for my honourable friend just how many have been dropped and how many are still in effect.

Hon. Mr. ROEBUCK: I think it would be worth while to have that tomorrow.

Hon. JOHN T. HAIG: Honourable senators, like the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) I feel that we have no option but to vote for the extension of this Act. I do not intend to say much just now, but I wish to refer to one or two things that worry me. In the first place, I am wondering why the government called us into session at this time. I have been asking myself that question ever since I received notice that parliament was to meet on December 5, and so far I have not been able to answer it. If the session had not opened until late in January this resolution would not have been needed, for the Act would automatically have remained in effect for at least sixty days from that date, or until about the end of March.

Here is another thing. For the last eight or nine months or more a fierce struggle has been going on between several elements in the community as to prices and controls. People who are on wages and salaries want no control on such incomes, but they do want controls on everything that they buy or use. Another group think subsidies should be paid in order to keep down the prices of certain foods, such as milk and bread. Of course, there is a subsidy on bread now—paid, not by the people as a whole, but by the poor old farmer. Still another group contend that there should be controls on all primary products, but not on things that the primary producers buy. And finally, the primary producers themselves are waking up to the fact that the prices that they receive for their commodities are held down, while everything they buy keeps on going up. I want to warn the government that the primary producers have begun to find this out.

I am old enough—though I should not mention age—

Hon. Mr. BALLANTYNE: Especially today.

Hon. Mr. HAIG: I am old enough to remember how prices soared after the First Great War. But they did not soar very long; after a year and a half or so they dropped, and there was a return to normal conditions.

Hon. Mr. BALLANTYNE: There was a pretty good government then.

Hon. Mr. HAIG: I do not believe that commodity prices will go back to their old levels, because it is easier to keep prices up than to reduce wages and salaries to what they were. This situation creates special hardship for people who are on pensions and fixed incomes. A good many people depend upon the income from the small capital that they built up by long years of thrift. They placed their savings in bonds, mortgages, houses or something of that kind, and on retiring from active work they figured that they had enough to give them a competence. When I was a young man starting in to study law, $20,000 was considered a good amount of money for a man to leave when he died; it would take care of his widow. But now the income from that sum is about $550 a year. An old age pensioner gets $360 a year—in my province $420—so he is pretty nearly as well off as anyone who has put by savings of $20,000.

We have been trying to do something that no country has ever yet succeeded in doing, namely, to control economic forces. It may be possible to maintain a certain control for some months or even years, but finally the dam will break. Press reports indicate that Russia, which is said to be a master-mind at

this kind of thing, has finally given up the attempt. As I indicated at the outset, I am not opposed to extension of the Act. But I am opposed to any attempt at keeping an equilibrium between the contending classes that I have mentioned. In any such attempt the persons likely to suffer most are those who in their kindness of heart are seeking to do what they believe to be best, but which experience shows is impossible. I was talking today to a young man from Vancouver. There was a municipal election out there, and a non-partisan candidate, with lots of experience in council, polled 24,000 votes as against more than 19,000 for a semi-communist. What was the issue? Opposition to increased street-car fares—although the proposed increase would not have been enough to take care of the extra wages granted to the railway men. That kind of philosophy is rampant. The attitude that "a law that will protect me at your expense is a good law" is gaining ground all over this country. We as a people, and especially those of us who are in parliament, have got to think this problem clear through and not be carried away by arguments on one side or the other.

It is sometimes said that in the Senate there are directors of a large number of banks, trust companies and corporations of one kind and another. But who owns our corporations? Who owns the Canadian Pacific Railway, for instance? Its shareholders are scattered all over Canada, the United States and other countries. Who owns our great banks? Hundreds of people own small numbers of shares —two, ten, twenty shares. A corporation is managed by a board of directors, men chosen because they are considered to be capable of giving good management, and their tenure of office largely depends on their efficiency.

I did not intend to speak so long. My purpose is to impress upon honourable members the issue involved in these controls. Between now and March 31 the leader of this house will participate in cabinet meetings at which the question of what controls shall be continued and what ones shall be dropped is under consideration. I believe that if we had not had controls at all we would find it much easier to get out of our present troubles. Honourable members of this house may disagree with me, but in spite of all the arguments uphill and down dale, that is my belief. The President of the United States said recently that the putting back of controls in his country would amount to police control. That is the effect of the regulations in Canada.

There are certain people in my own city who, because of the system of rent control, are snooping around to see if somebody is charging fifty cents a month more for rent than he should. There are instances of men who worked on the railway, and who by thrift acquired homes of their own and also bought the property alongside: they lived in one house and rented the other. Today if the manager, or the widow, looking after the rented property is charging a couple of dollars more a month than is allowed, action is taken; and if the regulations are being broken a penalty of $25 and costs is imposed. That policy of police administration makes sneaks out of next-door neighbours, who when someone is charging a higher rent than is allowed, run and tell the authorities. That is the effect of controls. There are families with four or five children in my city living on incomes of $150, or perhaps $175, per month. How they get along with the present high cost of living is beyond my comprehension. Men and women in social services tell me that there is more hardship and poverty among this class of people in our city today than there was in the depression days.

I admit that the government is faced with problems, and I am not going to criticize it for what has been done about controls in the past six months. While I do disapprove of what the Minister of Finance has done in some matters, I believe he is making a real effort to overcome great difficulties. For instance, I criticize him for the regulations affecting oats and barley. I suggest that action should have been taken at the first of August; and he should be the first to admit it. But, I repeat, he is making a real effort to get out from under controls.

I do not believe the government can suddenly do away with rent controls. In my opinion the better course would be to say that in six months, a year, or at some definite date in the future, the controls on rent would come off. If the government said that, and stuck to it, the people would be prepared for the lifting of controls. The date for removal should be around the first of July, which is the best time of the year to make the change.

Hon. Mr. DUFF: What does my honourable friend think of provincial rights?

Hon. Mr. HAIG: Provincial rights are being interfered with, but the provincial governments are conniving at these matters.

Honourable members may point to many cases in which rent control is helpful. But I contend that the help is only going to individuals, and affects only the persons involved in particular cases. The difficulty is that when a house becomes vacant it is immediately put

up for sale. The argument is all in favour of the lifting of rent controls as soon as possible. The labour people of Canada were the first to demand that ceilings on salaries be removed. I can appreciate that because there are more tenants than landlords it is difficult for the government to remove the rent regulations; but I believe that the sooner we get away from control in all departments, the sooner we will get back on an even keel and be ready to face whatever issues Europe may present to us.

I intend to vote in favour of the resolution.

Hon. J. J. KINLEY: Honourable senators, I wish to say a word or two arising out of the remarks of the honourable leader opposite (Hon. Mr. Haig). My honourable friend has asked why we are here. I believe that question has been asked before. We have been told that this is not a special session, but that parliament was called in December to clear away a few things so that we could get a better start in the new year. There was an agitation throughout the country to have parliament called early, and I believe it came from the same persons who are now criticizing the government for calling parliament.

There are three important matters of business now before us. The first is the charter for an international trade organization and a general agreement on tariffs and trade. That topic is now being discussed throughout the country. The second, is our dwindling reserve of American dollars—a condition for which there must be some provision. That is another matter about which the people of this country are concerned. The third question of interest involves the extension of controls which the government thinks necessary in order that we may have economic stability and progress.

Many members of parliament say that they do not agree with this or that proposed measure; but they vote for it. I believe that when one votes for something one is behind it. I think that is proof of the way in which the legislation now proposed will be received by the people. If the public look at what has been done in parliament during the past two or three years, they might well conclude that we were unanimously in favour of government proposals. Senators and members of the House of Commons have agreed with the government measures, and that they have been well received generally is established by the outcome of recent by-elections.

It appears to me that the three important pieces of legislation now before this house are complementary, and that one cannot succeed without the others. We are now in difficulties which are not of our own making. We were buying in the United States and selling overseas. Now we must conserve and supplement our American currency by restricting unessential purchasing in the United States and endeavouring to export more to that country.

The hackneyed expression "free enterprise" has been bandied around a good deal in the past few years. I am in favour of free enterprise; but how can we have it under conditions as they now exist? There is an abundance of currency, but a shortage of materials. How can we have absolute freedom under such conditions, without allowing a few people to profit excessively at the expense of the many? If this country is to progress and have stability, we may need controls over such necessities as food, clothing and shelter. Food is the first requirement of life. Canada is a cold country, and we must have an abundance of coal. Shelter also is essential.

The honourable gentleman from Medicine Hat (Hon. Mr. Gershaw) made a fine speech the other evening in which he referred to the sending of Canadian cattle to the United States. I rather agree with the remarks of my honourable friend. The other day I saw a statement in a United States newspaper to the effect that the Americans would welcome more goods from Canada because, as a result of shortages, they have inflation, and an increased volume of goods from this country would help to reduce prices and counteract inflation. But if we export large quantities of our products to the United States, and a shortage develops in this country, what is going to happen to the prices which our people have to pay?

Hon. Mr. HORNER: How are you going to compensate the men whose cattle have been stolen from them?

Hon. Mr. KINLEY: I do not know what the honourable senator refers to when he talks about stealing cattle.

Hon. Mr. HORNER: You are a free-trader, yet you are supporting an embargo on the sale of cattle.

Hon. Mr. KINLEY: I never knew I was a free-trader. I am in favour of freer trade on a basis of reciprocity: I am willing to trade with those who will trade with me. It seems to me that we should forget about such terms as "free trade" and "protection" as applied to parties in the days gone by. Trade and tariffs are matters of economics and of scientific study, and policies in this connection should be based on the merits of the case, and should be in the interests of the country as a whole. Moreover, conditions

change from time to time. So do not talk to me about being a free-trader or a protectionist. If protection protected the country, I would be a protectionist; if free trade helped the economy of our country, I would be a free-trader.

In my opinion these controls will last longer than some of us think, because, for one thing, opportunities for people in trade have never been better than they are today. We hear much talk about the profits of manufacturers. Today more money is made in selling goods than in making them. Goods in enormous quantities come here from the United States. By an aggressive sales policy the manufacturers' agents can sell their products abroad; they are doing so in Canada with great success. As a result, the greater our internal prosperity the more acute our exchange position will become. We must sell in the United States to obtain the dollars we need to preserve our economy. Under these circumstances we cannot get along without controls; they are necessary in the interests of Canada; and nothing is gained by being wedded to precedent or by making vague allusions to "liberty". After all, liberty *in vacuo* does not mean very much. What is liberty for one usually involves restrictions upon another. It is the right of us all to enjoy, without discrimination, the four fundamental freedoms. Too often when people talk lightly of freedom they are thinking of their own interest, instead of trying to arrive at the truth. The whole thing is a matter of balance.

In my opinion the government, in asking for the extension of these controls, is doing something which the people of this country are demanding in no uncertain voice.

The motion was agreed to.

HONOURABLE JOHN T. HAIG

BIRTHDAY FELICITATIONS

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I am sure you will agree that I should not let this occasion pass without pointing out, though not thereby creating a precedent, that this is the birthday of the leader of the opposition. I shall not undertake to say how many birthdays he has had, because frankly I do not believe the book, and if I told you how many are imputed to him you would not believe the book either. While the record is there, and I cannot dispute it as such, the good health and youthfulness which our friend radiates confirms me in the belief that there is simply something wrong with the statistics.

On behalf, I know, of honourable senators on this side and, I am sure I may add, of all members of the house, I wish to express on this occasion our delight in seeing the honourable leader opposite looking so well and so youthful, and to extend to him our very best wishes for his well-being in all the years to come.

Hon. Mr. HAIG: I thank you very much.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Ferland, seconded by the Honourable Senator Gershaw, that an humble Address be presented to His Excellency the Governor General for the gracious Speech which he has been pleased to deliver to both Houses of Parliament.

Hon. WISHART McL. ROBERTSON: Honourable senators, I think I should point out that, while the debate of the Speech from the Throne stands adjourned in the name of the honourable senator from Wellington (Hon. Mr. Howard), the government whip, it is not intended that the debate should not proceed at any time when any honourable senator wishes to continue it. The motion of the honourable senator from Wellington was made at my suggestion, merely that the debate should not end automatically. The opportunity to resume it is therefore open at this moment to any honourable senator, and if no one wishes to speak at this time, it can be continued at the next or any other sitting. The fact that the whip does not respond today will not debar any senator who wishes to take part in the debate.

Hon. Mr. HORNER: Would I be in order to move the adjournment of the debate?

Hon. Mr. ROBERTSON: Certainly.

On the motion of Hon. Mr. Horner the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 16, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA —APPROVAL OF GENERAL AGREEMENT —REPORT OF COMMITTEE

Hon. W. D. EULER, Chairman of the Committee on Canadian Trade Relations, presented and moved concurrence in the following report:

Tuesday, 16th December, 1947.

The Standing Committee on Canadian Trade Relations to whom was referred the subject matter of the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom, beg to recommend that authority be granted for the printing of 1,000 copies in English and 200 copies in French of the evidence adduced before the committee on the said subject matter, and that rule 100 be suspended insofar as it relates to the said printing.

All which is respectfully submitted.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Wednesday, December 10, the consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. R. B. HORNER: Honourable senators, this is one of the occasions when I ask the indulgence of the house and assert my right to speak. Some honourable senators have remarked that they do not know why they have come down here. I am particularly anxious to say a word or two now, because I know exactly why I came here. I wish to congratulate the mover and the seconder of the Address in Reply —particularly the seconder, the honourable senator from Medicine Hat (Hon. Mr. Gershaw). I think he could tell you why he came to Ottawa. I am sure that many farmers in the Medicine Hat district hurried him on his way; in fact, that they were very anxious that he should have something to say to this house at this time. I feel that the honourable senator from Medicine Hat employed very moderate language indeed. He used the word "harmony." Had he been a different type of man he would have used the words "avoid a revolution" instead of the word "harmony" when referring to his part of the country. As I say, he was very moderate when he asked that something be done to permit some of our surplus cattle to cross over to the United States.

Honourable senators, I think perhaps I have the first right to speak in this chamber on agriculture and farming and stock raising. It may be that some honourable senators here are equally qualified, but ever since I was a young lad just the right height, standing up, to milk cows and to do a fair job of it, I have been interested in livestock.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: In referring to this industry, let me say that a real cattleman or stockman will lose money without a whimper in many ways; but when he loses money on livestock he finds it a very bitter pill to swallow. It is not exactly a question of money with him. It has been said that a good shepherd knows his flock. So does a good stockman; whether he has a hundred or a thousand, he knows each individual head of cattle. This may be an amazing thing to a person who does not understand livestock; but the cattleman knows the expression on the face of each individual animal, and he knows its line of breeding, because he has to choose among the cattle and take out the animals that are not making him money.

The farmers in most of Alberta have had sufficient feed, but in all that great area of the West comprising northern Saskatchewan and part of northern Alberta, where large numbers of cattle were being kept—for we can secure sufficient water there—the crop this year was almost a total failure. And at just about the time when there was a little bit of feed left and we could have marketed our cattle, the strike of packing-house workers began. I thought, as I am sure the honourable senator from Medicine Hat (Hon. Mr. Gershaw) thought, that some governmental action would be taken; but in the whole country the only government that did anything about the strike was the provincial government of Prince Edward Island, whose premier undertook to open the stockyards. For four or five weeks of the most important season the livestock producer was prohibited from selling his cattle. Farmers in the north had managed to secure a little feed, which they intended for their best animals, the ones they had set their hearts on as being the

foundation of a good herd; but the feed was eaten up by the rest of the stock that could not be sold, and we had an early snow, so when the strike ended these breeding cattle had to be allowed to go along with the others. That was the bitterest part of the whole situation.

It seemed as if the strike had been a scheme deliberately planned for just that time in order that the packers might buy cattle for three or four cents less per pound, which is what they did after the strike was over. The stockyards filled up, and buyers would walk away and leave the cattle there for weeks on end. An embargo was placed on the Winnipeg yard on two different occasions. The honourable senator from Prince Albert (Hon. Mr. Stevenson) knows what conditions were like. On one day 67 cars of cattle came in to Prince Albert on one line of railway alone out of the eight lines that bring cattle into the yards there. Besides that there were hundreds of trucks coming in. I was told of rioting and fighting for position by men trying to get a chance to unload cattle at the Burns Packing Company's yard, regardless of price. But although the price on the American market was three times as high as our producers could get, there was no government representative on hand to see that the men got fair play, or even to prevent rioting. The farmers would not have needed to sell their best animals at all if they had been able to get rid of a few fat cattle.

When we were notified that parliament was going to open early in December, I thought that one of the things to be discussed would be the possibility of securing more American dollars. Well, we might have had $200 million of American money for our western cattle if we had been allowed to ship them to the United States this fall. And had the American market been opened in time to allow the farmers to save their breeding stock, the country would have been better off by another $100 million. But now the producers are discouraged, and the calf crop for next year is depleted. This will result in a further great national loss.

As far as the hog market is concerned, western Canada has been taking a loss there as well as on wheat. All along we have been losing three or four cents on hogs, and yet we have been subsidizing eastern Canada by paying freight rates down here. I recall the late Senator Burns, in the Committee on Agriculture and Forestry, asking if anybody had ever heard of such nonsense.

It is common knowledge in western Canada that it does not pay a man to haul his grain any distance to the railway. It is more economical for him to feed it to livestock on the farm. The policy of the present government, however, seems to require us to ship our grain, and it does not permit us to feed it to the pigs. In spite of Canada's economic position, an effort is being made to complete agreements with Great Britain, in order to secure a market. My contention is that we have not got enough pork left in Canada to feed ourselves. I have heard of the young pigs being killed and thrown away in eastern Canada, and I know that was done in the West.

I do not know what sort of thinking was behind the method of removing the subsidies, but it would seem to me that the authorities were trying to make water run uphill. That absurdity applies to a lot of these trade agreements. I recall the agreements we made in western Canada respecting the price of land. The scheme figured out all right on paper, but it did not materialize because it was impossible for the purchaser to make his payments. With respect to all the agreements that may be made with other countries, there is a strong possibility that they will not materialize.

I read recently some of the letters of Thomas Jefferson, a former President of the United States. In one letter he spoke of a man who was running for the office of president; he said he was a most unfit candidate, because every time he rose to speak in Congress he became so angry that he could not talk. That was a warning to me, because I am liable to fall into the same error. I was interested to read that Thomas Jefferson had not much use for lawyers.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: He believed they confused every issue. In his opinion the farmers were the real democrats, and the backbone of the country.

Whenever reference is made to the conditions in western Canada today, someone volunteers the remark that the people there are better off than they have been in forty years. The greater part of that country has been settled since I went there without anything. Surely my friends will admit that a man is entitled to something for forty-two years of slaving. We must remember the way most of the westerners have lived—in shacks, catching a few hours sleep whenever they could, grabbing a bite to eat and returning to work. Surely after four decades, living under such conditions, they are entitled to advance, and to build homes.

The honourable senator from Bladworth (Hon. Mr. Johnston) said last session that he thought money was bad for farmers. I do not think that the farmers act any worse when they have money than do any other class of persons. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) said recently in this house that the farmers' cost of operation was up 25 per cent. I think that is a very moderate estimate. I believe the figure is more like something between 200 and 600 per cent. It works out this way: the farmer has to hire two or three men to do the work of one and pay him three times the wages he should get. Honourable senators can figure that out for themselves. And that is not all; just try to hire a man.

As against the position of the farmer let us consider that of the businessman who furnishes the farmer with supplies. Through the years he has been able to get up any time he likes, and he knows that everything he has will sell. He has no real expenses, and he charges whatever his fancy dictates. During this past summer I paid as high as $2.25 a bag for cement, and I know some others who paid $3. The merchant did not have to do any selling to get rid of the cement—he kept it hidden, and the fact that he had it was a secret.

May I illustrate the practices of the businessman who claims to be serving the farmer? A certain merchant got in a stock of twelve small engines, similar to the type one would use for pumping water. He displayed the twelve engines, all in a row, and was quite proud of them. A farmer came into his shop and asked about getting an engine. The merchant replied that he had twelve of them and that he could supply him. The farmer finally decided that, as he had got along without an engine so long, he would not buy one. The shopkeeper, realizing that the day of scarcities had passed, decided to hide all the engines but one. When the next prospective purchaser came in he was told that there was one little engine in the shop, and he immediately decided to take it. That is the psychology of scarcity, honourable senators, and that is what the farmer is up against in everything he goes to buy. As to hired men, there is easier work available and it is impossible to get help.

It seems to me that the law of common sense should be applied to some of the problems facing the farmer. What is the position of the hog producer when he has an animal that is a pound or two overweight. Not only does he lose the premium, but he is docked $2. He is penalized to the same extent when the hog is a pound or two light. But when the consumer goes to buy bacon does he ever say: "Give me some bacon off that hog that was a pound overweight, and I will take it at two or three cents less." Did you ever hear of anything so ridiculous? Yet the right honourable gentlemen in the other place would have the farmer subjected to such unreasonable requirements.

I know that during the war years an attempt was made to improve the quality of our bacon; but my contention is that the trouble has been not with the quality of the bacon but with the process of curing it. It does seem to me that the law of common sense should apply. True, after the meat strike occurred some effort was made to have hogs accepted at other than the stipulated weight. It must be remembered also that across the border from western Canada hogs are bringing 25 cents a pound live weight, and we have been getting an average of 19 or 20 cents, dressed weight. That is the situation. Yet we are short of bacon and fat. I believe the shortage will continue until a sensible policy is adopted and a man is paid for what he produces. I am disappointed at the blundering policy with respect to farm products.

From what I have heard since coming down to Ottawa I would not be surprised if we had a general election soon. I heard some old straw being threshed by a man who could not talk about anything else under the sun. Certainly I expected to hear something about Canada's plans for assisting other countries in the face of an uncertain future; but the talk is about the Tory party; the other issue is as dead as wild pigeons, or the dodo.

Hon. Mr. HOWARD: Or the Tory party.

Hon. Mr. HORNER: I remember that years ago, when cattle were selling at very low prices, Sir Robert Borden made arrangements to secure a market for a certain number in the United States; and at a great Liberal rally in the city of Montreal, the complaint was raised that he was allowing our cattle to be disposed of over the border when the price of beef locally had gone up to 10 or 15 cents a pound. At that time the Liberal party was working for the consumer. It may be that the purpose of this whole scheme is to punish the West to the tune of half a billion dollars because we out there are bad fellows, having voted Social Credit or C.C.F.; but do you suppose that treatment of this kind is going to induce us to support the government? I would emphasize as strongly as I can the mistake which has been made, and would urge, even at this late date, that we should be allowed to sell our cattle in the United States.

One hears talk to the effect that people, all of whom were formerly supporters of the government in power, have started a movement for secession from the rest of Canada. Personally I cannot blame them; and if the treatment our producers are receiving is continued, more will be heard of this proposal.

It only remains for me to register the strongest protest I can against the way in which the ceiling on the price of oats and barley was removed. Had this been done before harvest it might have been less objectionable. But what happened was that, while one farmer secured a carload or two of feed at 52 cents a bushel, his neighbour, expecting that he would have time to buy feed for his hogs at approximately the same price, suddenly found the cost of feed increased by 40 cents a bushel. As a result of this action of the government there is anything but harmony in western Canada. I do not know whether it is intended to hold an election in the early future, but perhaps an election would clear the air.

In conclusion, may I say that I do not want any more fun poked at me regarding my views on the tariff: I have never believed in a tariff excepting in so far as it was to the advantage of this country. I, too, recall the election of 1911, and I am sorry I have not at hand a schedule to show what the proposals amounted to. I have seen it; moreover, I have been told that it was merely a scheme to remove protection from the bad Tories and give it to the Liberals.

We in the West want a fair deal, and I do not think that under this government we can get it.

Hon. G. P. BURCHILL: Honourable senators, it was not my intention to make any contribution to this debate, but after listening to the tone of the address of the honourable leader of the opposition, I decided that something would have to be said on behalf of other sections of Canada. The impression which he sought to leave with this chamber is certainly not reflected in the conditions in the part of Canada with which I am familiar, and I am going to ask the indulgence of the house while I make a few observations regarding conditions as they are in the Maritimes.

If this chamber is to make an intelligent appraisal of the nation's well-being generally across the country, there must be made available to it information from all the many sections of this country's varied economy. My own impression is that it is not the producer or the businessman who is suffering today, but the salaried man, who is being squeezed at the moment by greatly increased costs of living. With the exception of that group, a survey would show conditions generally sound and prosperous, a lot of money in circulation, business planning expansions in many directions, employment at high levels, and the people generally, busy and optimistic—perhaps too much so.

After the events of the past six years, with the dislocation of normal trade channels and the happenings in other countries of the world of which we read in our daily newspapers, I submit that it is a matter for happy congratulations, pride, and thankfulness as Canadians, that this country is so buoyant and that living conditions are as satisfactory as they are. I am not minimizing the problems that exist, or pretending that no mistakes have been made. What man of affairs today in private transactions will not agree that under the uncertainty of present world conditions it is almost impossible to make plans or decisions regarding the future. On the contrary, the prudent businessman protects himself in his commitments, if he can, against hazards which no one can foresee at the moment. So it is with the policies of a government, which are also at the mercy of government policies or strategies in other countries; and solutions which appear adequate today are not sufficient to meet tomorrow's situation. A story is told of a gentleman who, in visiting a hospital, came across a patient whose head and hands were bandaged. Struck by his appearance, he said, "What happened to you?" "Oh", said the patient, "I am in a terrible state. I tried to jump through a plate-glass window." The visitor said, "Tried to jump through a plate-glass window! Why did you do that?" "Well," said the patient, "I thought it was the best thing to do, at the time." I consider, in the light of today's world problems, that a great many things have been done in Canada which were considered to be "the best at the time".

On my way to Ottawa I fell into conversation with a world traveller who had just returned to Canada after visiting many different countries. As he told me of conditions in India, Egypt, France, England and other countries he had visited, and expressed his happiness upon returning to Canadian soil and at the conditions he found here, he remarked that, in comparison with what he saw in other countries, our troubles in Canada were so trivial that he thought we should have a national day of thanksgiving to God for our blessings.

Yes, there may have been mistakes, but if there have been, Canada has survived them; and while paying my tribute to the character

and good common sense and industry of the Canadian people, I do think we must give credit to the policies of government which made our present happy position possible.

I make that statement in view of the effect of those policies on the industries in my own province. New Brunswick's forests are her greatest asset, and the production and manufacture of forest products her biggest industry. This brings me to Canada's major forest industry, pulp and paper. Here is a single industry which affects directly the livelihood of about half a million Canadians, and indirectly, through transportation, power, fuel and equipment, several hundred thousand more. In an address by R. M. Fowler, President of the Canadian Pulp and Paper Association, delivered in Montreal on October 20 last, it was pointed out that among Canadian industries pulp and paper stands first in employment, first in total wages paid, first in export values, first in net value of production, and first in capital invested. The sum paid to workers last year totalled $195 million, divided equally between mill labour and workers in the woods. There are 113 pulp and paper mills scattered across Canada, of which 35 are newsprint mills. Ninety-four per cent of Canadian newsprint is exported, while fine paper, paperboard, wrapping paper, etc., is largely used in the domestic market. In our currency problems no industry has served Canada better in balancing trade and bringing into the country American dollars. Canada's total exports to the United States for the first eight months of this year amounted to $645 million, of which pulp and paper exports totalled $293 million, or 45½ per cent, so that out of every commercial American dollar that has come into this country this year the pulp and paper industry has accounted for 45 cents.

Now, the point is that this great industry never in its history has been as prosperous as it is at the present time. With an active demand for its output, and full employment from the stump to the finished product, the pulp and paper machines across Canada are running at full capacity. As further proof of its healthy condition—and these figures are interesting as an indication of what private enterprise is capable of in the matter of labour relations—a comparison of the wages paid in 1939 and in 1947 shows that while $900 was the lowest wage paid to the mill worker in 1939, the lowest wage in 1947 was 87 cents per hour, or $2,250 a year, which means that even with the increased cost of living, the worker is much better off in 1947 than he was in 1939.

Hon. Mr. HORNER: Pardon me. That includes wages paid; but a lot of the work is done by contract.

Hon. Mr. BURCHILL: That is just in the mills. I am speaking of the mill-workers.

I want to pass on and say a word now about lumber. From the earliest days the maritime provinces of Nova Scotia and New Brunswick have been shipping lumber to the United Kingdom. The business has long been a very important part of our economy and has been one of the economic bonds which has kept us close to the Mother Country. During the war years, with Scandinavian sources of supply shut off, Britain turned more than ever to Canada for her supplies of wood. I will not attempt to describe how well the lumber industry of Canada responded—both east and west, management and labour—I am only concerned at the moment with present developments. Under the spur of war conditions our lumber production in the Maritimes had very materially increased, and last year amounted to 800 million superficial feet. Of this quantity, 62 per cent was exported, and the balance, 38 per cent, was used in the domestic trade. After the end of hostilities, in order to protect the requirements of the United Kingdom and preserve the pattern of the natural movement of eastern Canadian lumber, the government allowed a free quota to Great Britain of 290 million superficial feet, after which the producer was obliged to sell two cars to the domestic trade in order to secure an export permit for one car. Prices were arranged in bulk with the British Timber Control on our behalf by the Maritime Lumber Bureau, a voluntary organization which has done invaluable work all through the war for the eastern lumber industry. The United Kingdom prices arranged were sufficiently above the Canadian ceiling to permit operators to produce, but far below world prices of spruce and comparable woods. A comparison of the cost to the United Kingdom of all her wood purchases during 1946 is interesting, because it shows that the lumber shipped from eastern Canada was, by a wide margin, the cheapest wood purchased from any country in the world. The figures show the cost C.I.F.—cost, insurance and freight—per thousand superficial feet, delivered at a United Kingdom port, in 1947. They are as follows:

U.S. South	$121.00
U.S. Pacific	115.00
Sweden	105.25
British Columbia	104.50
Finland	99.25
Eastern Canada	85.50

Hon. Mr. ROEBUCK: Why did eastern Canada not get a better price than that?

Hon. Mr. BURCHILL: These prices were arranged with the British Timber Control by our Maritime Lumber Bureau with a view to giving the producer a fair margin of profit. There has always been a kindly feeling in Nova Scotia and New Brunswick towards the United Kingdom, and so they did not seek too great a profit.

Hon. Mr. LAMBERT: May I ask the honourable senator what year these figures are for?

Hon. Mr. BURCHILL: 1947. I am sorry if I said 1946.

With the shortage of dollars in 1948, the British Timber Control is not at present a buyer, so the Maritime lumberman for the first time in history has no immediate prospect of selling any softwood to the United Kingdom next year. This means a greatly reduced cut, with the resultant unemployment. The Canadian government have co-operated by doing the only thing they could do to assist under the circumstances. They extended the free quota of 290 million feet—which formerly was restricted to the United Kingdom—to the markets of the world, provided, of course, we can find markets which can pay us in American or Canadian dollars.

Hon. Mr. DAVIES: Where is Great Britain getting its softwood from, if it is not receiving it from Canadian markets?

Hon. Mr. BURCHILL: From British Columbia. I am just coming to that.

As it stands at present, the only contact which eastern Canada has been able to retain with the United Kingdom market for 1948, beyond a small quantity of hardwood, is the renewal of a supply of 150,000 cords of pitprops, which are necessary for the coal mining industry.

Our British Columbia friends, whose industry is not so seasonal as ours in the east, are in a happier position, for they made a sales arrangement with Britain which will carry them until June 1, 1948. While we have always admired the keen business ability and progressive character of our friends in British Columbia, including those in the lumber industry—many of whom got their background and some of their training in the Maritimes—I want to pay special tribute to their achievement in making a sales contract with the British government on terms which, in addition to selling the stock in British Columbia, includes an extra item of approximately thirty precious Canadian dollars per thousand to rail a lot of it across the continent to ports on the Atlantic seaboard. I take off my hat to the British Columbia lumbermen.

Hon. Mr. QUINN: Is that British Columbia lumber being sold at the same price as the eastern Canadian lumber?

Hon. Mr. BURCHILL: No. They have their scheduled price out there, which is higher than ours.

Maritime lumbermen have enjoyed the finest co-operation from the government all through the difficulties and problems of the past few years, and are hopeful that the present situation is but temporary and that before long currency arrangements will be worked out which will permit the resumption of trading through normal channels.

Before I sit down I want to support my case by adding a word of evidence from a public utility.

Hon. Mr. HAIG: But first, could you tell us something about the apple crop of the Maritime Provinces?

Hon. Mr. BURCHILL: I am sorry that I have no information about the apple business. My honourable friend from Kings' (Hon. Mr. McDonald) is an authority on apples, and he will complete the story.

As I say, I want to add a word of evidence from a public utility. The telephone business is regarded as a fair index of current conditions. The records show that in the province of New Brunswick, as in many other provinces, the demand for telephone service has reached an all-time high. At the beginning of this year there were approximately 5,000 people in New Brunswick waiting for telephones, and although 4,563 installations were made up to the end of November there still is a list of deferred applicants numbering between 4,000 and 5,000. I believe this is the experience of telephone companies operating in other sections of Canada.

Let my honourable friend from the West get whatever comfort he can for his party out of some temporary difficulties in western agriculture; I am afraid there is small hope for his party in the Maritimes. I am sure my honourable friend from L'Acadie (Hon. Mr. Léger) who lives in the thriving, expanding and prosperous city of Moncton, will bear me out when I say that conditions there are very satisfactory. And if any further evidence were needed, the results of recent by-elections in the provinces of Nova Scotia and New Brunswick, along with those of the recent provincial election in Prince Edward Island, would indicate that the policies of the present government are

approved and that the government enjoys in full measure the confidence of the people down there.

Hon. Mr. ROEBUCK moved the adjournment of the debate.

The motion was agreed to.

TRANSITIONAL MEASURES ACT, 1947

REVOCATION OF ORDERS IN COUNCIL

On the motion to adjourn:

Hon. Mr. ROBERTSON: Honourable senators, when the resolution for an address in respect of the Continuation of Transitional Measures Act, 1947, was before the house last evening, the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) inquired how many orders in council were in force when that Act was passed and how many had since been revoked, which information I had not before me at the time. I am now able to tell my honourable friend that there were fifty-seven orders in council in the schedule to the Act at the time the Act was passed, and since then twenty-two of them have been revoked. Details of the revocation cover three typewritten pages, and with permission of the house I will place this material upon *Hansard*.

(See appendix at end of today's report)

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

Revocation of Orders in Council in Schedule to the Continuation of the Transitional Measures Act, Chapter 16 of the Statutes of Canada, 1947

		Revoking Order in Council
Department of Agriculture		
P.C. 5424 .....14/7/44	Agricultural Food Board — regulation respecting recovery of subsidy.	P.C. 5040 ....8/12/47
P.C. 6759 .....6/11/45	The Repayment of Subsidy (Agricultural Products) Regulations.	P.C. 5040 ....8/12/47
Civil Service Commission		
P.C. 8541½ 1/11/41	Preference respecting appointments to Civil Service—ex-service men of present war—as amended by P.C. 4320, 20/6/45.	P.C. 4362 ...12/11/47
P.C. 15/1647 .....9/3/45	"Veterans' preference"—respecting appointments to the Civil Service—service on the high seas in a seagoing ship of war.	P.C. 4362 ...12/11/47
P.C. 16/1647 .....9/3/45	"Veterans' preference"—respecting appointments to the Civil Service—not applicable to certain classes in Naval Service.	P.C. 4362 ...12/11/47
P.C. 20/6173 ....21/9/45	Civil Service—war service preference certain persons excluded: as amended by P.C. 29/1046, 22/3/46.	P.C. 4362 ...12/11/47
P.C. 30/7500 ...29/12/45	"Veterans' preference" respecting appointments to the Public Service: as amended by P.C. 19/3727, 5/9/46.	P.C. 4362 ...12/11/47

(*See* Act to amend the Civil Service Act, Chapter 53 of S.C. 1947.)

Department of Finance			
P.C. 394 .....20/1/42	Anthracite coal — importation exempted from customs duty, as extended by: P.C. 3472, 28/4/42.	P.C. 5085	...11/12/47
P.C. 9058 .....6/10/42	Bagging material, etc., importation exempt from customs duty.	P.C. 5085	...11/12/47
	(P.C. 394 and P.C. 9058 revoked as of midnight, December 31, 1947.)		
P.C. 5518 .....16/7/43	Repayment of Subsidy Order, subsections 2 and 3 of section 4 revoked, and subsections 4, 5, and 6 re-numbered subsections 2, 3 and 4.	P.C. 4815	...26/11/47
Department of Fisheries			
P.C. 6289 .....6/8/43	The Salt Fish Export Regulations.	P.C. 4796	....3/12/47
P.C. 2751 .....17/4/45	Canned Fish Allocation Regulations.	P.C. 4796	....3/12/47
Department of Labour			
P.C. 1003 .....17/2/44	Wartime Labour Relations Regulations.	P.C. 1981	....20/5/47
	(Paragraph (c) of subsection 1 of section 3 , and subsection 4 of section 3 revoked.)		

Department of National Defence		Revoking Order in Council	
P.C. 6638 .....23/10/45	Post Discharge benefits to members of armed forces serving in an interim force.	P.C. 5085	...11/12/47
P.C. 3617 .....27/8/46	Naval, Military and Air Forces Estates Regulations 1946.	P.C. 5005	....8/12/47
P.C. 349 .....31/1/47	Regulations respecting claims by or against the Crown involving members of the naval, military or air forces of Canada (Overseas).	P.C. 5005	....8/12/47
P.C. 363 .....31/1/47	Consolidated Regulations respecting salvage services by H.M.C. ships.	P.C. 5005	....8/12/47
Department of National Health and Welfare			
P.C. 6367 .....10/8/43	Old Age Pensions.	P.C. 3644	.....9/9/47
P.C. 3377 .....29/5/44	Old Age Pensions.	P.C. 3644	.....9/9/47
	(Order in Council P.C. 3644 of 9th November, 1947, was passed under authority of the Old Age Pensions Act, as amended by Chapter 67, S.C. 1947.)		
P.C. 8341 .....28/10/43	Old Age Pensions.	P.C. 5085	...11/12/47
P.C. 6500 .....18/8/44	Old Age Pensions.	P.C. 5085	...11/12/47
Department of Transport			
P.C. 3396 .....9/8/46	Merchant Seamen Out-of-work Allowance Regulations.	P.C. 4939	....3/12/47

THE SENATE

Wednesday, December 17, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. G. P. CAMPBELL presented Bill C, an Act respecting the Bell Telephone Company of Canada.

The bill was read the first time.

THE PRIME MINISTER

BIRTHDAY FELICITATIONS

Hon. WISHART McL. ROBERTSON: Honourable senators, it is a dangerous practice, perhaps, to refer to birthdays, because it might result in unfairness to some who are omitted. However, with the consent of the Senate, I should like at this time to refer to the seventy-third birthday of the Prime Minister of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: There are several reasons why I do so. The first is that the seventy-third birthday of the Prime Minister, although maybe little different from his seventy-second or his seventy-fourth, except for the year in which it falls, is notable because of the fact that at the age of seventy-three a prime minister would not ordinarily be expected to be continuing in office. The second reason is that parliament is in session on this occasion, and the third is that the Prime Minister has just recently returned from the Old Country where, at the hands of His Majesty the King, he was made the recipient of the Order of Merit, a gift which carries with it a very high honour and one that very few hold. As a matter of fact, I think this is the first occasion on which such an honour has been bestowed on a Canadian. It is the confluence of these reasons that prompts me to refer at this time to the seventy-third birthday of the Prime Minister, and to extend to him on behalf of all members of the Senate—as I believe I am safe in doing, although I have no authority to do so—congratulations on having attained another birthday, express our satisfaction that he retains his good health and spirits, and offer our best wishes for his future well-being.

Hon. JOHN T. HAIG: Honourable senators, I should like to join with the leader of the government here in congratulating the Prime Minister on having achieved his seventy-third birthday, and in extending to him our wishes for his good health in the years ahead. Some of us in this section of the house may not agree with all the policies and actions of the Prime Minister, but we all know that he has given earnest attention to the welfare of the people of Canada during his administration. Whether he will continue in office for another birthday or not, I do not know. I do know, however, that parliament is very seldom in session on the 17th day of December; in fact, so far as I can find from the records, this is the second time that it has happened since confederation. In wishing the Prime Minister good luck, long life and happiness on this occasion, I may say that I feel a very kind personal regard for him. I will confess to the house that when I saw in a recent issue of *Maclean's* magazine a coloured reproduction of a photograph of the Prime Minister by Karsh, I said to myself, "He looks better than I thought he really did." So I picked up my pen and dropped him a note of three lines to that effect. He replied, "I have the same opinion myself. Yours truly." I enjoy these little incidents in public life; they are very interesting.

Honourable members, we on this side of the house join with all other senators in wishing the Prime Minister of Canada long life and happiness.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. ARTHUR W. ROEBUCK: Honourable senators, first let me join in the delightful and time-established custom of extending felicitations to the mover (Hon. Mr. Ferland) and seconder (Hon. Mr. Gershaw) of the address in reply.

The leader of the opposition in this chamber (Hon. Mr. Haig) recently remarked —inadvertently, I think—that he did not know why we had been called together at this time. Well, it seems clear enough to me. The government has encountered a situation of very serious import to our country. It has taken the responsibility of extraordinary action designed to meet the emergency, and it has called parliament together in accordance with the best principles of democratic procedure—first that parliament may approve or disapprove its actions, and second, that

the combined wisdom of many minds may be brought to bear upon the problem and its solution.

That the government's action will be approved and its legislative program confirmed is clear, for under the circumstances as they present themselves to us no other course is possible, nor indeed has any other solution been even suggested by the opposition or others.

Most important, therefore, is the call for thought on our part and the expression of views which are designed to influence future Canadian policy. It is the hope of contributing something towards the long-range solution that has given me courage to add my voice to the voices of others in this discussion.

The crisis which confronts us is the depletion of Canada's United States dollar reserves.

In the early years of the war, as a wartime measure, the government constituted the Foreign Exchange Control Board and required all residents of Canada to surrender to it all foreign currency, and all rights to foreign currency, of which they became possessed, and to accept in payment Canadian dollars at rates of exchange determined by the board. As a result of this governmental monopoly of foreign exchange, the board had in its hands at the close of the war a very large sum. On the first of January 1946, the board had on deposit the sum of one billion, 508 million United States dollars, consisting of gold and United States balances. That very large sum has, in the two years that have followed, almost completely disappeared. According to the Minister of Finance there remained at the middle of last month only approximately $500 million, a dissipation of a cold billion dollars.

Hon. Mr. DUFF: Canada got value for it, did she not?

Hon. Mr. ROEBUCK: I have chosen to use the word "dissipation" instead of "loss".

Hon. Mr. DUFF: That is an even worse term.

Hon. Mr. ROEBUCK: I do not think we got value for it. But that point is not necessary to my thesis. Certainly the government did not get value for that amount.

Hon. Mr. DUFF: But the people did.

Hon. Mr. ROEBUCK: I doubt that too.

Hon. Mr. HAYDEN: They did not give it away.

Hon. Mr. ROEBUCK: We did give it away. If my honourable friends will kindly listen to me for a while, I will go into that phase of the subject.

It has been to meet this situation and to check these losses that the government has taken the action which we are called together to approve or to disapprove, and which I propose to discuss this afternoon.

May I pause to say that the most effective way in which we in this chamber can render service to our fellow-citizens is by the application of our minds to national problems. It does not matter so much how we vote in affairs of the kind, although that is of great importance; our greatest function is to think and to make what contribution we can to the wisdom and clarity of thought of the people of Canada.

Since the heavy losses to which I have referred are the result of an adverse balance of trade, it is worth while to pause and observe how the original credit was built up, because that throws some light, I hope, upon how the credit balance was pulled down.

In the first place, after the United States came into the war the Prime Minister of Canada and the President of the United States entered into the Hyde Park Agreements, under which Canada sold to the United States war goods produced in this country. Secondly, the United States, by the use of United States funds, built in Canada the Alaska highway, a string of airfields and the Canol Oil project. Thirdly, for goods supplied to Great Britain, we received in payment United States dollars to an amount of $485 million, and we sold in the United States some Canadian securities, incidental to capital investments made in this country. And finally, an important item was the sale in the United States of Canadian grain to the extent in 1943 of $150 million; in 1944 of $300 million, and in 1945 of $100 million, a total of $550 million.

Now, you will observe that our credit balance was the result of business transactions and not of currency or any other kind of controls. It was enterprise turned into money, and my suggestion, in a broad general way, is that the best method of meeting an adverse balance of trade is to clear the way for business transactions. That principle, it is true, is very general, but it is a principle which one should hold in mind.

It is no new thing for us to buy from the United States more than we sell in the United States. That process has been going on for at least a generation. But in the past we have balanced our international accounts by

selling to Europe more than we bought there, and using the credits established in that way for paying the United States deficit, the unfavourable balance. This system of multilateral trade was a satisfactory arrangement so long as it worked, but since the war, unfortunately, it has not worked, and for two good reasons. First, Great Britain and the continental European countries have not had favourable balances to the extent that they had them in the ante-bellum years with which to purchase the products of Canadian farms and factories. In the second place, to the extent of an outright gift of one billion dollars to Great Britain, and mutual aid credits of $3,175 million extended to the entire sterling area, we have made it unnecessary for these countries to pay us at all for the produce which we have sent to them across the seas. Under other circumstances we would have been paid in currency; but we have been redeeming these credits by the shipment abroad of the products of Canada's farms and factories.

I am not now discussing the wisdom or even the necessity of these extensions of credit and these gifts. That is another matter. I am simply asking if there is anything extraordinary in a decrease of $1 billion in our national bank account, coincident with gifts and credits of $4 billion? What an extraordinary thing it would be if, having given away $4 billion, we were able to maintain the same bank account we had before we did so. No one in his private affairs would expect such an accomplishment in any one year.

There are other important ways whereby we ourselves have contributed to our adverse trade position. I have already mentioned the sale of grain to the United States, during the years 1943, 1944 and 1945, to a total of $550 million. Since then Canada has made of the wheat business a national monopoly, and we have sold the Canadian exportable crop to Great Britain at considerably less than world prices. What the loss in millions may total I do not know. Once again, I am not discussing the merit of the transaction; I am simply calling attention to the financial facts. I do not know, and I am not going to attempt to estimate, the intangible gains which have accrued to us as the result of those transactions. I would say, however, that the intangible gains are there, and that they are obvious and very considerable. I merely point out that as yet there is no balancing item in our financial accounts to offset the difference between what we have received and what we might have had. In passing, I should like to make the observation that it is seldom that anyone can buy at market and sell at less than market without depleting his reserves. You would search a long time for an illustration of anyone ever having done so.

Once again, in order to protect the Canadian consumer, we have prohibited the sale of Canadian cattle and beef in the United States market. The purpose of the prohibition is admirable, just as there are admirable phases in the other subjects to which I have referred. But why marvel at a shortage of United States currency when you ban the sale of Canadian goods to United States consumers who would have paid for them in United States dollars?

We have also made gold a government monopoly, and have fixed its price to the producer. I need hardly make the comment that gold mining is one of Canada's important industries, and that in the past the sale of gold has been a major factor in maintaining our favourable balances of trade. But of recent years, due to the narrowing margin between the cost of production and the fixed price, gold production has declined seriously. Mining men have told me that all they require is an open market in which they can sell the product of Canadian mines to the highest bidder. If the government would simply get out of the way, so I have been told, gold mining would again flourish as it did in the past, to the maintenance of Canada's world position.

I have mentioned a number of factors which, I submit, have contributed to our adverse trade position, all of them being the direct result of governmental interference in what previously had been considered in this chamber and everywhere else as private, competitive business.

I have yet to mention perhaps the greatest factor of all—our government monopoly of United States exchange. Up to the end of 1945 Canada was engaged in the then all-important business of war, which was justification for almost anything. It is the continuance of the Foreign Exchange Control Board's interference in times of peace which I now propose to discuss. Honourable senators will recollect that, so far as my voice would carry in this chamber, I opposed the passing of the Foreign Exchange Control Act in the summer of 1946. I opposed it as a matter of principle, outright and in toto, in all its phases, including its autocratic authority to (1) monopolize United States funds, (2) dole out United States purchasing power to Canadian businessmen in accordance with its own sweet will and favour, or that of the bankers, who are its agents, and (3) declare the rate of exchange.

Let us cast our minds back to the days before we were concerned with institutions of this kind. In the days before we made American funds in Canada a government monopoly, Canadian residents bought and sold United States currency at market rates, in the same way that they bought and sold all other commodities and securities. When we bought more goods abroad than we sold in world trading, the rate of exchange went against us, which is another way of saying that our dollar fell in value as compared with the United States dollar or sterling. This meant that the purchasing power of the Canadian dollar was greater at home than abroad. In old times when the rate of exchange went against us the purchasing power of the Canadian dollar at home was greater, to the extent of the exchange, than it was abroad. What effect did that have? Why, the Canadian resident who desired some commodity discovered that he could buy it more cheaply at home than he could abroad, and accordingly he exercised his ingenuity to make use of the home product. Otherwise he would do without. Thus an automatic balance was always working: the principles of trade, the rules of mathematics—mere additions and subtractions,—the natural order, if I may call it that, supplied the corrective, and the international balance was maintained with the smoothness and universality of the force of gravity applied to a weigh-scale.

We were then depending on ordinary rules of nature; but this is not so under the rule of the Foreign Exchange Control Board. Such principles have been set aside. Businessmen no longer employ their bankers as agents to secure for them United States funds at the best rates obtainable, as they did in bygone days. Now the businessman who desires United States funds with which to purchase United States commodities sees his banker, not as his own agent in the purchase of United States funds on his account, but rather in the new capacity of a civil servant—to quote the Act, the "authorized agent" of the Foreign Exchange Control Board—and the rate of exchange no longer concerns the businessman at all, for it is now fixed by governmental decree issued either by the Minister of Finance or by the board itself, and altereth not. The relative value of Canadian and United States money interests him but mildly, for if there are exchange losses on the transaction the government pays them. And observe that the government, while it may pretend to set the rate of exchange, does so only as between the Canadian resident and the board, for the government has no power to require American citizens to sell United States dollars for less than they are worth. The setting of the rate of exchange is limited to the transaction between the board and the Canadian citizen. In discussions between bank manager and customer, talk about rates of exchange and the soundness of the proposed transaction is a thing of the past. The customer now tells the bank manager how much he would like the money—an attitude which is not to be marvelled at in periods when American money is worth more than Canadian—what a fine fellow he is, and what a fine fellow the banker is. The customer points out that his account was always in this bank and makes other covert references to the "teacher's red apple." The banker simply asks what amount is required, and he sells American money out of government reserves, at dollar for dollar, without the least concern as to the true value of the currencies being exchanged.

Under this cock-eyed arrangement the government has watched the board's huge stockpile of United States dollars melting away like snow upon the desert's dusty face. As our adverse trade balance grew, the difference between the true value of the currencies increased, and with each increase in the actual value of American money over Canadian money, the demand for American in exchange for Canadian at par has of course also increased. Why wouldn't it? So the Department of Finance finally wakes up to find itself vis-a-vis with losses that are appalling.

I submit to you that the major portion of our difficulty is of our own making, because of three things. First, because of our gifts and credits to our customers abroad. I am not criticizing them; I have been at pains to say that I am not discussing that feature of these matters, actions in which opposition and government joined. The government would have been much criticized had it not made those gifts and credits. There they stand; and if you are to think clearly you must not leave out factors because of incidental thoughts.

The second factor in the making of our difficulty is governmental interference in the marketing of wheat, gold, livestock and perhaps some other things. And the third is, governmental interference with the automatic adjustment consequent on variations in the rate of exchange, the balance-wheel of business.

In the face of these facts, which I submit to you are obvious, the Conservative party is shouting for a controlled devaluation of the Canadian dollar by ten per cent. But this quite plainly would get us nowhere, for the balance-wheel would still be tied. We would still have a fixed and static rate rather

than one varying from time to time, sometimes in our favour, when circumstances warranted, and sometimes against us, when it should be.

Hon. Mr. HAIG: May I ask the honourable senator a question?

Hon. Mr. ROEBUCK: Yes.

Hon. Mr. HAIG: What was the drop in United States currency held by Canada between January 1 and July 1, 1946?

Hon. Mr. ROEBUCK: I have not that figure.

Hon. Mr. HAIG: I suggest that it was very small when the 10 per cent exchange was in effect.

Hon. Mr. ROEBUCK: The 10 per cent exchange had some effect, of course, but I think the Minister of Finance is right in saying that it would not apply a sufficient corrective at the present time. As to whether it would or not, your guess is as good as mine.

Hon. Mr. HAIG: It did in the period I mentioned.

Hon. Mr. ROEBUCK: But that period has passed, and we are now in a different one.

Hon. Mr. HAIG: No.

Hon. Mr. ROEBUCK: I am not able to give the honourable gentleman the figure for which he asks. He probably has it, and may reply to what I have said.

I was referring to the approach of the Conservative party to this matter. I submit it is as unrealistic as some of the things that the government has done.

The C.C.F. of course just loves this control. It wants still more controls—I suppose on the old principle of cure by the hair of the dog that bit you.

The government has chosen an entirely different course, and that is what we are here to consider. It has chosen the expedient of bullying trade, in the hope of coercing it into a favourable balance and thus raising again the true value of the Canadian dollar, and so escaping the exchange losses. By a sweeping enactment of prohibitions and limitations of imports, and the imposition of excise taxes, we have built a wall across the southern boundary of this country and have fenced ourselves off from our most essential customer. There is good reason to expect that the policy will succeed in restoring a favourable balance of Canadian trade with the United States, but the question is whether the cure is not worse than the disease.

Let us not underestimate the destructive effects of what we are doing. How deadly are these restrictions I do not know, but I do know that such strangulation of the national economy is exceedingly serious. Land values in Canada have been mounting and the combined tax burden of all our governments is grievously heavy. The question is whether industry can continue to carry the load when manacled with such prohibitions and restrictions. I leave the question, because only the future can give us the answer. But let us not close our minds to the dangers which lie in excessive burdens placed upon business, to the point where profits disappear and stagnation results.

The problem is, what to do in the face of the picture I have endeavoured to paint. I sympathize with those in authority, who are called upon to deal with such problems. I give credit to them for their attitude, but that does not relieve my honourable friends or myself of the responsibility of using our own minds, and perhaps helping to mould our future policy.

It is obvious that in the matter of a national policy we are at a turning of the ways. We must either retrace our steps in the matter of government interference or else go on to a completely controlled economy. There is no half-way house of refuge. We cannot remain half bond and half free; one control always makes necessary another.

Honourable senators will remember how, in the face of a situation brought about, I submit, by controls, we established further controls prohibiting the importation of many articles and limiting the importation of others, and how there immediately followed the necessity of re-establishing price control. Now one finds many in our community demanding further interference with the liberty of the subject and with the exercise of his civil rights.

The question is what to do about it? I shall make suggestions; not with authority, but worth while as suggestions.

First, I would remove these unwelcome prohibitions, limitations and excise impositions, as rapidly as possible. I do not attempt to define how rapidly that may be; only those who are doing the job can judge of that. I say to the people of Canada and to the government: Get out of these restrictions as rapidly as possible.

Second, I would take the government out of all competitive businesses with the greatest possible despatch.

Third, I would abolish the Foreign Exchange Control Board, root and branch, and leave

our foreign exchange, both United States and sterling, to react to its natural, normal equilibrium.

I close with this observation: The Liberal policy should be the development of a truly and genuinely free economy, in which we may depend upon the genius of our people to restore and maintain the well-being of the nation.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. PATERSON: I should like to submit a question to my honourable friend before he resumes his seat. Rye, which is uncontrolled, today is over $4 per bushel and rye flour is selling at $20 per barrel; wheat, controlled, brings $1.55 per bushel. If controls were removed tomorrow wheat would go to $3.50 a bushel and flour would probably bring $15 a barrel. I ask my honourable friend in the light of these facts if the cure might not be worse than the disease. Would not the cost of living advance so rapidly that the resultant criticism would be almost overwhelming?

Hon. Mr. ROEBUCK: My honourable friend's question raises several points. In the first instance we have sold our exportable crop of wheat at $1.55 sterling, at whatever the exchange rate may be. The exportable balance is fixed by agreement and we could not, as my friend suggests, abolish the control on wheat at once. I advocate the getting away from this control as soon as possible. How soon that is, I deliberately refuse to gauge.

There is a second question in my honourable friend's remarks. It is this: If we remove the controls, would prices advance? My answer is that perhaps they would. Let us assume that on the particular item he mentions they would advance. What of it? In the past our nation got along very nicely without all these government controls. We came through the last war and the post-war period, depending upon natural forces for both exchange and prices. I remember that at that time we had against us an exchange of about 15 per cent, perhaps more.

Hon. Mr. HAIG: Twenty-two per cent.

Hon. Mr. ROEBUCK: Very well. It provided a compelling incentive to us to buy at home. At one time after the great war, within my own memory, prices rose to pretty high levels; but they were there only a short time; the operation of competition resulted in bringing them down. As a matter of fact they were brought down too far in 1921 and succeeding years. But what my honourable friend suggests is that some civil servant or some politician in high office knows what is good for us better than we ourselves know, and that conscious direction of our economic affairs from above is more efficient in the long run than the laws of nature. I will grant you that Karl Marx makes out a very good case for that theory, but I do not believe in it. I believe in allowing natural forces to guide our steps, to take care of the rights between parties; and I have faith enough to believe that the world as Nature made it is better for us than a world made over without principle.

The honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) recently made some references to free trade. He said in effect that he was neither a free-trader nor a protectionist; I understood him to mean that he is a protectionist when he sells and a free-trader when he buys, and that finance and commerce are without principle outside of his own immediate profit. I do not hold with those views. I hold that if we have faith there are principles, as clear and as compelling as those of addition and subtraction, upon which we can rely. The state will be better served in the long run if we rely upon principles instead of attempting to interfere arbitrarily with people in the matter of their private rights.

Hon. Mr. HOWARD: Honourable senators, referring to what our leader said yesterday, I move the adjournment of the debate, only to hold it open indefinitely in case some other honourable senator wishes to make a speech.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

THURSDAY, December 18, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN TRADE RELATIONS COMMITTEE

ADDITION TO PERSONNEL

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate I would move that the name of the honourable Senator Crerar be added to the list of senators serving on the Standing Committee on Canadian Trade Relations.

The motion was agreed to.

AGRICULTURAL PRODUCTS ACT

POSTPONEMENT OF MOTION FOR CONTINUATION UNTIL MARCH 31, 1948

On the notice of motion by Hon. Mr. Robertson:

That, whereas section eleven of the Agricultural Products Act, being chapter ten of the Statutes of 1947, provides that subject as thereinafter provided, that act shall expire on the thirty-first day of December, one thousand nine hundred and forty-seven, if parliament meets during November or December, one thousand nine hundred and forty-seven, but if parliament does not so meet it shall expire on the sixtieth day after parliament first meets during the year one thousand nine hundred and forty-eight or on the thirty-first day of March, one thousand nine hundred and forty-eight, whichever date is the earlier: Provided that, if at any time while that act is in force, addresses are presented to the Governor General by the Senate and House of Commons respectively, praying that that act should be continued in force for a further period, not in any case exceeding one year, from the time at which it would otherwise expire and the Governor in Council so orders, that act shall continue in force for that further period.

And whereas it is considered desirable to continue the said act in force until the thirty-first day of March, one thousand nine hundred and forty-eight;

The following address be presented to His Excellency the Governor General of Canada:

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament assembled, respectfully approach Your Excellency praying that the Agricultural Products Act be continued in force until the thirty-first day of March, one thousand nine hundred and forty-eight.

Hon. Mr. ROBERTSON: Honourable senators, I am asking that the house allow this motion, of which notice has been on our order paper for some days past, to stand until tomorrow. The reason is that I do not want to proceed with it until I am in a position to give the Senate all the information that I can obtain as to the current negotiations for a trade agreement with the United Kingdom on food products. A statement is being made in another place today, and I may make a supplementary statement here at the opening of tomorrow's sitting, before we reach the deadline within which the motion for continuation of the Agricultural Products Act must be dealt with. Honourable members know that that deadline is the last day that parliament is in session before the Christmas recess. I have been notified by some senators that they wish to speak on the motion, but would prefer to wait until they have the information which I hope to be able to present tomorrow. I therefore ask that the notice of motion stand until tomorrow.

The notice of motion stands.

THE CHRISTMAS RECESS

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, for the benefit of those who may not be here tomorrow, I wish to announce that unless unforeseen circumstances arise it is the intention to move, when the House of Commons adjourns this week, that it stand adjourned until Monday, January 26, 1948. I shall move tomorrow that when the Senate adjourns it stand adjourned until Tuesday, January 27, 1948, at 8 o'clock in the evening. I am proposing that we resume a day later than the other house because I recall that in the past some honourable members, I think perhaps those from Prince Edward Island, have found it very inconvenient to get from their homes to Ottawa on a Monday.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday, the consideration of His Excellency the Governor

General's speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. EUGÈNE PAQUET: Honourable senators, in carrying out her program for the economic recovery of the country, Canada has shown to the world that we are a nation which must be reckoned with in future. Our war effort, on a voluntary basis from the very first days of the conflict, made it possible for a great democratic country like Great Britain, to live through the dark days which marked the opening of hostilities. Several countries were then reeling under the blows of the enemy and the whole world had turned towards Canada, which, at gallant Albion's side, was their main hope of survival. Throughout the gigantic struggle we remained united and strong; our Royal Canadian Navy and our merchant marine were the first to take an active part in the battle. I take this opportunity of paying tribute to those courageous seamen who have become the heroes of the first round in the battle of the Atlantic. They did not hesitate to board their ships, which inevitably were only half equipped for action, in order to deliver supplies to the last stronghold of democracy and civilization. Their valour was above reproach and their contribution to final victory cannot be assessed.

Honourable senators, at the beginning of this new era of peace, it is our duty to offer our thankful prayers to those brave sons of Canada who made the supreme sacrifice for their country.

It is the custom in all countries of the world to raise memorials, in memory of those who gave their lives on the battlefields. For that purpose, symbols are cut into stone to remind future generations of the ideals and the valour of those who are no longer with us. I congratulate the government on its efforts towards commemorating those who have died. Such commemoration will show to the world the everlasting gratitude of the nation to its departed sons. I believe, however, that the greatest monument that can be raised in memory of our brave soldiers is to put in tangible form the ideal for which they have died. Never could we hope to build a more fitting and enduring memorial.

Honourable senators, if our sons have fought with such courage and made such sacrifices, it was to ensure a lasting peace not only between the various nations of the world but also between the various sections of each nation. How can our country contribute to that lasting peace? In the field of international relations it is our duty to help promote understanding and co-operation among freedom-loving nations which are the pillars of our democratic civilization. Our sons have fought in order to give back to the world its lost freedom, and it is only logical that we should help to guard it.

May I quote a few words spoken on June 18, 1936 by the Honourable Mr. Dandurand? They convey my wishes, my feelings and my hope in regard to the young people of our country. The life of the various nations must be organized.

I say to young French Canadians that they may, with the help of higher education, a more highly cultured mind, prepare themselves to play an important part in Canadian Confederation. They will thus number among the elite which holds in its hands the destinies of Canada.

Let them get to work immediately. The older generation did not have the same opportunities so far as training is concerned.

The men of today and of tomorrow must have better tools at their disposal. If they have received a higher education, if they have been endowed with moral strength and force of character, and if they always entertain the ambition of serving their country, they will earn the respect of their fellow-citizens, for themselves and for the rights and privileges they endeavour to safeguard.

I do not hesitate to entrust the safeguarding of such rights and privileges to the youth of our country.

Canada's youth! Our youth must be rehabilitated morally, socially and professionally. I urge French-Canadian youth to seek economical power in order to carry out the destinies entrusted to them by Providence. I appeal to those people who are not of my nationality and who speak another language.

I ask our ministers not to ignore French-speaking technicians in regard to appointments in the administrative field. Let us give the French language the place to which it is entitled; let us grant to the minority the rights which are theirs under the terms of the constitution. Let us be fair towards our own nationality, and we shall thus erase the misunderstandings and the grievances which may occur in the dominion.

The topic chosen this year for the National Pride Week is our rural epic. The Comité de la survivance française has thereby endeavoured to draw the attention of French Canadians to the heroism of our first settlers, to the high esteem in which the tilling of the soil was held in our religious and national lives, and to the important part which agriculture and colonization will be called upon to play in the development of our nationality.

The beauty of our rural epic has been brought to light on the calendar of the Survivance française for this year.

Industrial help has greatly contributed to agricultural progress in the last decades. As a result of scientific research, it is now possible for our farmers to improve their lot through the use of practical methods the efficiency of which is more and more recognized. Machines are making up for the shortage of farm labour and are also increasing yields, while fertilizers are a valuable supplement to farm manure in providing the soil with regenerative elements formerly unknown and helping to maintain and increase its fertility. From this standpoint agriculture owes much to industry for its huge development and the many ressources which can now be taken advantage of for the benefit of mankind.

There are at the present time many industrial ventures which, in most agricultural pursuits, help farmers to develop their lands.

The soil is still the greatest factor in our economic recovery.

Our first duty is to look after our fellow-citizens and to help them in finding the means of leading a normal life. Such matters as international security, controls of all kinds, immigration, national defence, elections, labour relations, agricultural problems, housing shortage, tax agreements with the provinces, offer ample material for animated discussions during the present session. There are also matters which the various parties may raise, as well as measures which the government may introduce, and of which they have not as yet breathed a word.

If parliament intends to wade through all the legislative measures forecast in the Speech from the Throne, it will have to discipline itself. The discussions should be conducted in an orderly and methodical manner. Otherwise, the members of the other place who are arriving in Ottawa must be prepared for a lengthy stay.

The sad words which Cardinal Villeneuve uttered two or three days before his death are familiar to everyone: "It seems that it is God's will that I should die all alone, far away from my country and from my friends." From the very day of his appointment as a cardinal, he frequently must have experienced a feeling of loneliness. But from the moment he felt certain of his impending death, in a foreign country, hundreds of miles from his episcopal see, this feeling became a real suffering, the reward and the crowning piece of a great life!

A man of untiring devotion, a methodical worker, Cardinal Villeneuve could be found wherever there was good work to do, a good cause to champion, a new venture to promote.

As the *Osservatore Romano* so ably expressed it, his death "is a source of great sorrow for the Church, the Holy See, the College of Cardinals, the archdiocese of Quebec, the Congregation of the Oblates, and the whole Canadian nation." It is with bowed head that every Canadian pays tribute to his memory.

When our forefathers settled here, they were determined to take possession of the land, to become its masters and to make use of it so that families could grow and prosper.

The northward trend of industrial development doomed this mode of life. At the beginning of the century no one wanted to settle on the land. Our rural families were migrating to the towns. Montreal saw its population increase fivefold in half a century. A complete upheaval was taking place. Seventy-five per cent of our population, which was predominantly rural in 1871, were living in cities.

In the meantime people from central Europe—Germans. Czechs, Ukrainians—took possession of our western plains, which now form the provinces of Saskatchewan and Alberta. True, the valiant pioneers of Ontario strengthened their position. But in the minds of our people and of their leaders generally, industry and agriculture were our chief pursuits.

I do not suggest that a clean sweep should be made of long-established methods and that new systems be built on their ruins. We must keep those attainments which meet our social and economic needs.

It is essential for all those who are concerned with economic and social problems to combine their mental efforts in order to ascertain what possibilities of settlement the country may offer. Indeed, those who have at heart the well-being of the people are required, in normal times, to provide constantly for the creation of new employment in order to meet the needs of the population.

The clouds of uneasiness hovering over the United Nations at the end of the summer of 1942 have disappeared, if not completely, at least sufficiently to reveal the dawn of victory.

As a former physician from Bonaventure, may I bring to your attention the Co-operative Association Congresses held in Gaspé. The best people from the Gaspé district convened under the enlightened guidance of His Eminence Bishop F. X. Ross, of Gaspé. This untiring advocate of social work wished to assure the co-operative members from Gaspé of his support in their endeavours to promote the social, moral and material development of the Gaspé district.

The unity and development of Canada are linked to post-war problems of far-reaching consequence. Our country faces a brilliant

future; it must remain united, prosperous and influential. Education is the basis of national unity. It was found that enlisted men who underwent their training in the West, on the Pacific coast or in the Maritimes, returned home with a broader outlook. If we want true Canadian patriotism to replace provincialism, we must encourage the exchange of students between the various provinces.

Canada is large and rich enough to allow the sons of the two great races who form the majority of our population to live peacefully on her soil. But neither race must dominate or subdue the other.

In our economic reconstruction programme land remains our greatest asset. In 1901 the rural population was 3,357,093, and the urban population, 2,014,222. In 1931 the rural population was 4,204,728, and the urban population, 5,572,000.

This enormous increase in the urban population uprooted thousands of men who had previously earned a modest but secure livelihood.

In 1936 I was deeply impressed by the address delivered in the Senate by the then senator from Rigaud on the theme that Canada has not been sufficiently concerned with the exodus of her sons.

Our first duty is to look after our own people and help them in finding a normal livelihood. Let us help the sons of the soil to gain access to public lands.

We must acknowledge the rights of our youth, and enact social legislation based on their requirements, so that they may hope to live on their forefathers' land.

We must close the doors of our young and attractive country to immigrants whose past record is unknown to us.

In selecting immigrants we must remember the past, our traditions, and the lessons of history.

Our economic progress is proof that the races making up our population are inspired by the same patriotism as our ancestors.

Among the important problems of the post-war era, are those relating to our youth, and to agriculture, colonization and immigration. Of these problems, those concerning our youth are undoubtedly the most important. We must give to our young people an opportunity to prepare for a career, and it is our duty to provide for their future. In meeting the post-war problems it must be remembered that our greatest responsibility is the intellectual development of our youth.

We must give to our young people the best training possible in all fields of endeavour: science, technical occupations, homecrafts and agriculture. We must not forget higher education—always a requirement to produce an elite able to lead our people. If the government wishes to brighten the post-war picture, it must enable students to complete their courses in law, arts and letters. In order to solve labour problems, Mr. King should implement the fine program he outlined in June, 1940.

On the motion of Hon. Mr. Howard the debate was adjourned.

The Senate was adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, December 19, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

AGRICULTURAL PRODUCTS ACT

MOTION FOR CONTINUATION UNTIL MARCH 31, 1948

Hon. WISHART McL. ROBERTSON moved:

That, whereas section eleven of the Agricultural Products Act, being chapter ten of the Statutes of 1947, provides that subject as thereinafter provided, that act shall expire on the thirty-first day of December, one thousand nine hundred and forty-seven, if parliament meets during November or December, one thousand nine hundred and forty-seven, but if parliament does not so meet it shall expire on the sixtieth day after parliament first meets during the year one thousand nine hundred and forty-eight or on the thirty-first day of March, one thousand nine hundred and forty-eight, whichever date is the earlier: Provided that, if at any time while that act is in force, addresses are presented to the Governor General by the Senate and House of Commons respectively, praying that that act should be continued in force for a further period, not in any case exceeding one year from the time at which it would otherwise expire, and the Governor in Council so orders, that act shall continue in force for that further period.

And whereas it is considered desirable to continue the said act in force until the thirty-first day of March, one thousand nine hundred and forty-eight:

The following address be presented to His Excellency the Governor General of Canada:

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament assembled, respectfully approach Your Excellency praying that the Agricultural Products Act be continued in force until the thirty-first day of March, one thousand nine hundred and forty-eight.

He said: Honourable senators will recall that yesterday I said that I had delayed proceeding with this motion, which has been standing in my name on the order paper for some time, until I was in a position to present to the Senate the maximum obtainable information. As honourable members know, a statement was made yesterday afternoon in the House of Commons by the Prime Minister as to the agreement reached with the United Kingdom. I inquired whether any further statement was to be made on the matter in that house today, and I am informed that there is no such intention. Had a supplementary statement been made I should have included it in my remarks on this motion. This matter must be dealt with this session, and as we are to adjourn today until January 27, there is nothing to be gained by delaying it further.

This motion, honourable senators, has to do with the powers under which the so-called British food contracts were implemented. The purpose of it is to place this legislation in exactly the same position that it would have been in had parliament not met before the end of the present calendar year.

Hon. JOHN T. HAIG: Honourable members, I listened to the statement made by the Prime Minister in the other place on the agreements with Great Britain. That statement, which I have since read with care, says that certain agreements have been made with Great Britain as to supplies of bacon, eggs, cheese and some other commodities, and that until March 31, 1948 Britain will be allowed to draw on her Canadian credit to the extent of $45 million, but will have to pay $1 million on her own account. In the discussion of the statement of the Prime Minister, in the other place the Minister of Agriculture, like my honourable friend the leader of the government, was unable to make any statement as to the amount of the contracts or the price.

Hon. Mr. LAMBERT: Is my honourable friend sure that it is in order for him to discuss the contents of the proposed agreement at this time?

Hon. Mr. HAIG: I am quite sure. The resolution before us asks for an extension of powers.

Hon. Mr. LAMBERT: As I understand it, the resolution is to provide for the continuance of the agreements already in force.

Hon. Mr. HAIG: It applies to the contracts. It has been discussed in another place, and has to do with the continuation of certain powers beyond December 31. To that extent, at least, I have a right to discuss the matter.

After listening to the speech made in the House of Commons, it is my opinion that

the issue involved in the matter is simply this: We say that we do not trust the farmers of this country to sell their produce, and that the Government of Canada proposes to act as salesman for the primary producers. To any such proposal I take violent exception. I think the farmers of Canada are just as capable as any other people to market their production, and that their right of free-will should not be curtailed.

To illustrate my contention, I wish to read at some length from an editorial which appeared in the Winnipeg *Free Press* on Wednesday, December 17. No newspaper in Canada has fought more bitterly against government control of the farmers' production than the *Free Press,* and none has challenged more persistently the wheat agreement and all it implies. In its latest editorial on this subject this newspaper confirms something I said about a year and a half ago in this chamber, namely that the father of the Wheat Control Bill is not the Minister of Agriculture—although he has to take responsibility for it—but Mr. J. H. Wesson, President of the Saskatchewan Wheat Pool. A reading of the agreement makes it quite plain that Mr. Wesson's whole object was to put the Winnipeg Grain Exchange out of business. He makes no bones about. In putting the present policy into effect the Wheat Board, according to the government's own statement, lost last year $123 million, and this year, on the basis of current prices, will lose another $200 million. I point out that those figures are the government's own estimates. Today, or at any rate on December 6, when I left Winnipeg, one could not buy a bushel of wheat from the Wheat Board at Winnipeg to ship to China, or Australia, or France, or Italy, at less than $3.35 f.o.b. Fort William.

Now let us see what the *Free Press* says. Politically it usually supports the government of the day, but it makes exceptions, and I do not blame it for the stand it is now taking, because there is no argument which can justify losses by the western farmers of over $300 million in two years, and the truth is that no justification has ever been attempted.

Hon. A. L. BEAUBIEN: May I ask my honourable friend a question?

The Hon. the SPEAKER: I had occasion a year or so ago to rule that it is not in the interests of debate in this chamber that editorials should be read here and printed in full in *Hansard.* It is allowable for an honourable member to quote a section from an editorial as part of his argument so that he himself would in effect be making the statement, but he should not read editorials into *Hansard.* I believe my ruling on that occasion was right, and I would call it to the attention of the honourable Leader of the Opposition.

Hon. Mr. HAIG: Your Honour, I will certainly accept your ruling. Incidentally it relieves me of a good deal of work. All I shall do is to read one brief section:

> As stated here on a previous occasion, the most misleading statement in this extract from Mr. Wesson's speech is that the pool farmers "did not want to scrap the British Wheat agreement in favour of the open market . . ." Mr. Wesson must know that the alternative to the wheat agreement is not the open market. It can be a state monopoly, a compulsory wheat board, selling wheat at the world price. That is the policy that has been in operation in Australia for some years.

I shall not transgress the rules by reading the editorial at length, but I may state that the gist of its argument is that you do not need to re-establish the Winnipeg Grain Exchange in order to avoid selling to the wheat pool. Take away the compulsory pool: the alternative is an open market, where you can sell as you like. Some say that we would sell through the grain exchange. That is not necessarily so. People could sell to the elevator companies through their agents in our towns and villages. When I was a boy there were elevators, owned by farmers in the various localities all over Manitoba, which bought the wheat and sold it again. What every elevator company did was this—my honourable friend from Thunder Bay (Hon. Mr. Paterson) can correct me if I am wrong—when a man brought a load of grain to, say, Alexandria, the elevator man would grade it No. 2 Northern, at one or two or six pounds dockage for dirt, as the case may be. That grain—say it is a thousand bushels—would go into the elevator, and after the elevator man bought it outright he would wire immediately to his principals in Winnipeg that he had bought a thousand bushels of No. 2 Northern at Alexandria. The next morning the elevator company would sell the No. 2 Northern at the market price. It could not be run in any other way. In 1939 the wheat pools did try to run it differently, and the result was that the wheat pools lost in Manitoba nearly $3 million, in Saskatchewan nearly $8 million, and in Alberta $6 million, and the governments of those provinces came forward and guaranteed the loss. I know that is what the Government of Manitoba did.

The same situation applies with respect to bacon. What right has the Dominion Government to take bacon away from the producers at a certain price and sell it on the British market at another price? The London

Times praises Canada's generosity in selling these goods to Britain at this price. But why should all the people of Canada be given credit for it? The farmers and the producers are the ones who take the loss, and they should receive the credit. It is the farmers who have lost $300 million in the two years. What are the United States doing about their situation? They went into the market and bought grain, and sold it at whatever price they liked. I gather from the statements made yesterday that the price of bacon is going to be estimated, and it is not going to be a fixed price but a temporary contract.

An Hon. SENATOR: Three months.

Hon. Mr. HAIG: Yes, and there is no stated amount. If my reports are correct—and farmer members of this house can put me right if I am wrong—Canadian farmers are not going to produce as many hogs next year as they did this year. There is no question about that. They are afraid of this legislation; they cannot understand it. With barley selling at $1.45 they could not feed their hogs and sell their bacon at the prevailing price. All these factors enter into this argument. I do not understand why a Liberal party would even enter into what is the most hide-bound Tory policy that any man could imagine. I do not understand it at all. It is as though we were saying to the people of Canada, "We know better what you should get for your goods than you do yourselves."

Hon. Mr. MacLENNAN: What was their reason for doing that I wonder? Was it to help Great Britain? That is one question that I should like to ask my honourable friend. And a second question is: What would be the result if Great Britain could not buy the wheat?

Hon. Mr. HAIG: Well, Britain paid $1.55 this year for the wheat when the price she should have paid was $3.35.

Hon. Mr. MacLENNAN: Could she?

Hon. Mr. HAIG: I will come to that. Just wait a minute and do not go too fast. We, the Canadian people, should have bought the wheat from the farmers at $3.35 and sold it to Britain at $1.55. All of us should have paid our share. We are taking the credit for selling wheat to Great Britain at $1.55, and we have no right to do so. The people who should receive the credit are those who raised the wheat.

Hon. Mr. MacLENNAN: You did not make any objection a few years ago when the farmers in the West were making millions upon millions of dollars.

Hon. Mr. HAIG: No, but we gave some of the money to every other part of Canada.

Hon. Mr. MacLENNAN: No, it was going to the West.

Hon. Mr. HAIG: Just last year we bonused the fish of the Maritime Provinces, guaranteeing a certain price for the fish. But let us see what Britain could not buy. My honourable friend (Hon. Mr. MacLennan) says Britain could not buy the wheat at a higher price.

Hon. Mr. MacLENNAN: No.

Hon. Mr. HAIG: What happened in the wheat world yesterday? Britain paid $2.72 to Australia for 80 million bushels of wheat.

Hon. Mr. CAMPBELL: In pounds sterling, was it not?

Hon. Mr. HAIG: That makes no difference.

Hon. Mr. ROBERTSON: Yes, it does.

Hon. Mr. HAIG: And let me point out something that is far more important. Australian No. 1 wheat is not as valuable as Canadian No. 1. As authority for this statement I refer to the fact that on the Liverpool market in 1938 Australian No. 1 wheat in six-bushel lots sold at 34 shillings, and Canadian No. 1 sold at 51 shillings, or a difference of about 56 cents per bushel in favour of the Canadian wheat.

Hon. A. L. BEAUBIEN: Australia only sold 80 million bushels, whereas we sold 160 million.

Hon. Mr. HAIG: Well, 80 million bushels is all that Australia had to sell, and in any event it is a lot of wheat. On the basis of those 1938 figures, if our wheat is only worth $1.55, the Australian wheat is worth only $1.00. But instead of Britain paying less for the Australian wheat it paid $1.17 a bushel more, and when you take into consideration the difference between the qualities of the wheat you can see that Australia is really getting nearly $1.80 more per bushel than we are.

Then let me point out that the government did not take the control off all oats and barley, but only off what is sold in Canada. I should like the honourable gentleman from Thunder Bay (Hon. Mr. Paterson) to tell me what oats and barley are selling for in the United States today. I believe he will admit that the prices are nearly double those in Canada. And the most startling feature is that the control was taken off, not on the 1st of August, but on the 22nd of October, after the farmers had sold 80 per cent of what they had to sell, and when the grain was at Fort William or in

elevators throughout western Canada. In other words, it was owned by other people than the farmers at that time.

Hon. A. L. BEAUBIEN: Only 45 per cent of the coarse grains had been sold then.

Hon. Mr. HAIG: But the rest was held by the farmers themselves and it was not for sale. My honourable friend knows very well that every farmer keeps a certain part of his coarse grains for his own use.

Hon. A. L. BEAUBIEN: I understood the statement to be that 80 per cent of the coarse grains had been sold by that time.

Hon. Mr. HAIG: I said, 80 per cent of the quantity that the farmers had for sale.

We are asked to approve the continuation of the Agricultural Products Act for another four months. If parliament had not been convened before the end of the year the act would automatically have continued in force for sixty days after the session opened in the New Year, or until the 31st of March, 1948, whichever date happened to be the earlier; but as things are the act will expire on the 31st of December unless the motion now before us is passed. We did not need to be called here now at all, and for the life of me I cannot understand why we were called. The government has given a mighty fine opportunity to the three opposition parties in the other house to talk and talk and talk.

Hon. Mr. ROBERTSON: Is that not their right?

Hon. Mr. HAIG: Yes, but the government did not expect to have all that talk at this time. It would have done better by waiting for further developments, until it was known what effect the Marshall plan would have on conditions in Europe, and what advantage if any Canada was to derive from that plan. I repeat that I cannot understand why the session was opened at this time.

As a member of this house and a representative of western Canada, I protest against government control of the farm products of this country.

Hon. A. L. BEAUBIEN: Honourable senators, certain remarks of the leader opposite (Hon. Mr. Haig) compel me to rise, but I do not intend to speak at any length. First let me say that it is something new to hear the honourable gentleman placing so much emphasis on editorials in the Winnipeg *Free Press*. In the past my honourable friend and his party have never seemed to think much of what that paper said about politics or anything else, because they claimed the paper opposed them, but today it would appear that the main part of his speech is drawn from its editorials.

My honourable friend suggested that Mr. Wesson was really the father of the wheat agreement. I do not think my honourable friend seriously intended to cast any reflection upon the abilities of one who, in my opinion, is the best Minister of Agriculture Canada has ever had, the Honourable Mr. Gardiner. The minister has taken full responsibility for this wheat contract.

I say to my honourable friend that not only the wheat pool but all farm organizations favour the contract with the United Kingdom. I speak from personal knowledge, for I have a close contact with farm organizations. I live on my farm and I associate with farmers every day in my life when I am not here. I venture to say that when this contract was entered into with Great Britain for the quantity of wheat specified, 90 per cent of the farmers of western Canada were in favour of it. Why? Because it gave them stability. They knew what price they were going to get for their wheat over a certain period of time, and they were able to plan their activities accordingly.

Let me remind my honourable friend that when the Canadian Wheat Board Act was passed in another place his party voted in favour of it. And the present leader of the Conservative party, before he held that office, was always in favour of a stable price for farm products so that farmers would know exactly where they stood. Why has my honourable friend's party changed its position? Because it thinks it may gain some political advantage with the farmers. The Conservatives also say they are in favour of the grain exchange, but not too much so, because they favour the wheat board too. They are trying to please farmers on both sides.

Honourable senators, I do not say that the farmers would not like to receive more for their commodities. But I have spent 65 years of my life in the western country and I know that what the farmers have been always wanting is a stable market, so that they would know definitely what they were to get for every bushel of wheat produced. And they have never been better off than they are today. I strongly resent the pessimistic attitude of my honourable friend opposite, and his sympathy that appears all at once for the farmers. His party has never before been so much concerned over the farmers.

Hon. Mrs. FALLIS: Will the honourable gentleman permit a question?

Hon. A. L. BEAUBIEN: With pleasure.

Hon. Mrs. FALLIS: If, as my honourable friend says, all the farmers of the West were in favour of this agreement, how could the Conservative party gain political advantage by opposing the agreement?

Hon. A. L. BEAUBIEN: My honourable friend's question is a logical one; but let me point out that propaganda is an influential factor. We certainly saw propaganda in action before the last war and during the war, and we have seen it since. If you get enough propaganda across to people you may convert them. My honourable friends have been spreading propaganda in an effort to create dissension among farmers and diminish the popularity of the government; but the scheme has not succeeded so far. It is my contention that my honourable friend the leader opposite, and his associates, are as responsible for the wheat agreement as the Liberal party. The leader of my friend's party, even before he assumed his present position in the other house, was in favour of stabilizing the wheat market so that the farmer would know what price he would receive. I am no more in favour of controls than is my honourable friend. I should like to see every control removed.

But how are we going to remove controls, with the abnormal conditions of the world today? The government took the controls off coarse grains. What would have happened if these grains had been permitted to go to the United States? With the high price over there we would have deprived ourselves of coarse grains to feed our cattle. I ask my friend what would happen if the United States markets were opened to Canadian cattle? In my opinion the result would be a depletion of our cattle and a consequent rise in the present high cost of living. Of course the farmer would like to sell his coarse grains and cattle to the United States.

I believe that if the farmer received $3.35 a bushel for wheat, as my honourable friend is suggesting he should, he would be no better off, because most of that extra income would be paid to the income tax department. One of the difficulties of the farmer today is to get in under the taxable income. I repeat that if my honourable friend and his associates think they are going to gain any political kudos with the western farmer by arguing as they do, I will bet him ten to one that the farmers will not believe them.

Hon. G. P. CAMPBELL: Honourable senators, I had not intended to speak on this motion, but my feeling that a lawyer can always make something out of nothing was confirmed today when I heard the honourable leader opposite make such a strong case out against this resolution, which of itself is of no great importance. It simply extends the present legislation to March, 1948. It does no more than provide the facilities by which the government can carry out its undertaking.

Hon. Mr. HAIG: May I ask my friend what would happen if this house did not pass the resolution?

Hon. Mr. CAMPBELL: In that case the necessary purchasing power to carry out the contract would be lacking.

Hon. Mr. HAIG: And the farmers could sell on the open market?

Hon. Mr. CAMPBELL: Yes. But I am sure that my honourable friend would not now wish to get out of the obligation under the contracts by cutting off the power of the government to fulfil the contract.

Hon. Mr. HAIG: We would not be preventing the government from fulfilling the contracts. They could buy the stuff on the open market.

Hon. Mr. CAMPBELL: I will deal with that point later.

My honourable friend has attacked the contracts on account of the price. He must have realized at the time the contracts were entered into that there were two parties to them, the purchaser on the one hand and the vendor on the other. True, at that time foodstuffs throughout the world were in very short supply. But I judge from the remarks of the honourable leader opposite that he would have been willing at that time to take advantage of the purchaser in order to get a higher price.

Hon. Mr. HAIG: My friend's statement is not correct. I said the people of Canada could do as they liked, but that the farmers should not pay the cost.

Hon. Mr. CAMPBELL: I take from my friend's remark that the price of $1.55 per bushel for wheat was adequate at that time.

Hon. Mr. HAIG: I have no way of telling whether it was adequate or not. All I know is that, right or wrong, the people of Canada agreed to it; and if the price is shown to be low, they should bear the loss.

Hon. Mr. CAMPBELL: We are now in the position that the leader opposite does not know whether the price was high or low at that time. The government assumed the responsibility, and is standing behind the contracts today.

Let us consider the position of the western farmer in the light of years gone by. We know that the United Kingdom has been the

largest purchaser of western grains and that the western farmer was prohibited by tariff from selling his wheat in the United States. I submit that we assumed the proper role at the conclusion of the war by entering into a contract to supply our old customer, the United Kingdom, with wheat at a fair price.

In view of the price of wheat in the United States today one might raise the question of whether or not the price to Great Britain is low. My honourable friend the leader opposite suggests that the people as a whole should pay the difference in price; but he is assuming that had the contract not been made Canadian wheat could be sold today in the United States.

Hon. Mr. HAIG: I never mentioned the United States. The wheat board at Winnipeg is asking $3.35 a bushel today.

Hon. Mr. CAMPBELL: But by reason of wheat contracts abroad there is a short supply in Canada today. Had the contracts not been negotiated, and had Canada a surplus of wheat today, my honourable friend cannot tell whether wheat would be selling at more than $1.55 on the open market. He knows perfectly well that great demand causes short supply.

Hon. Mr. HAIG: If my honourable friend has any understanding of the grain business, he should know that that has no effect one way or the other.

Hon. Mr. CAMPBELL: I say that with a strong demand on the open market for Canadian grains, and a limited stock available, the price is bound to increase. I merely say that had we not entered into these contracts, and there happened to be a large surplus of wheat on the market—

Hon. Mr. HAIG: But there is not.

Hon. Mr. CAMPBELL: There might very well have been, because today we find that the Argentine has surplus wheat, and Australia has wheat to sell.

Hon. Mr. HAIG: She has sold it too.

Hon. Mr. CAMPBELL: That is so, and tomorrow or next year Russia may be selling wheat. The purpose of the contracts was to give stability to the farmers' economy; and it is quite impossible to argue and, I submit, quite unfair to suggest, that had we not entered into these contracts the price of wheat would have been $3 a bushel.

The purpose of the motion is simply to enable the government to carry out purchases from farmers in fulfilment of its contracts, and in pursuance of a policy which is necessary in these abnormal times.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the motion?

Hon. Mr. HAIG: On division.

The motion was agreed to.

HONOURABLE SENATOR BUCHANAN

ANNIVERSARY OF LETHBRIDGE HERALD—COMPLIMENTARY REFERENCES

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with, I think I should communicate to you a telegram which, after conference with the leader of the opposition, I sent on December 9th to one of our colleagues. Honourable senators may know that in the early part of this month the *Lethbridge Herald,* of which our distinguished colleague Senator Buchanan is the president, had its fortieth anniversary. Having been advised that the Lethbridge Board of Trade was extending to Senator Buchanan a complimentary banquet, I on behalf of my colleagues sent him the following telegram:

The President,
Board of Trade,
Lethbridge, Alta.

On the occasion of the Lethbridge Board of Trade paying honour to one of the most distinguished members of the Senate of Canada I wish, on behalf of Senator Haig the leader of the opposition, our colleagues and myself, to join in the expressions of esteem and good wishes. As you pay tribute to the service of Senator Buchanan in the community in which he resides, I wish to pay tribute to him as a member of the Senate. His genial personality, his keen interest in public affairs, and his great sense of public duty have won for him a position of the highest esteem among his colleagues. It is the wish of us all that he be long spared to continue his life of great usefulness in both the community in which he resides and the branch of parliament of which he has long been one of the most outstanding members.

Hon. Wishart McL. Robertson, P.C. Leader of the Government in the Senate.

Yesterday I received from Senator Buchanan a letter which, in part, is as follows:

I cannot express to you my feelings about the message you sent to the Board of Trade on the occasion of the dinner they put on in my honour on Thursday night. Naturally I felt proud to have my colleagues in the Senate express themselves in such kindly and far too complimentary terms. I may say that when your message was read, it was warmly applauded.

Hon. SENATORS: Hear, hear.

PRIVATE BILL

SECOND READING

Hon. G. P. CAMPBELL moved the second reading of Bill C, an Act respecting The Bell Telephone Company of Canada.

He said: Honourable senators, the purpose of this bill is to enable the company to increase its capital from $150 million to $500 million. The explanatory notes are contained in the present bill. I would like to say, however, that the requirements of the company today are such that it is anticipated that over the next few years they will have to spend something like $250 million on additions. During the period of the war they got behind in the matter of installations and services to such an extent that it will take them a few years to catch up. At the present time there are slightly under 100,000 unfilled applications for telephone services. The present capital stands at $150 million, of which $126,340,900 has already been paid; another $425,500 has been subscribed and allotted and partially paid, and another $9,896,900 has been subscribed under the employees' purchasing plan, leaving only $13,336,700 unissued of the authorized capital.

For the purposes of the record I would state that the original capital of this company in 1880, when it was incorporated, was only $500,000. Increases authorized by statute have taken place in the following years: in 1884 the capital was increased to $2 million in 1892 to $5 million in 1902 to $10 million in 1906 to $30 million, in 1920 to $75 million, and in 1929 to $150 million, of which, as I have said, slightly under $14 million remains unissued.

Additions contemplated by the company for 1948 will cost over $60 million, for 1949, $60 million; for 1950, $52 million; for 1951, $51 million; and for 1952, $50 million—a total estimated expenditure of $270 million in a five-year period. The bill simply gives the company authority to apply to its shareholders to have the capital increased, and application must also be made to the Board of Transport Commissioners for Canada.

The other part of the bill declares that the company has power to furnish and carry on wireless telephone and radio systems, and to provide services and facilities for the transmission of intelligence, sound, television, pictures, writing and signals, these being subject to the provisions of the Radio Act.

If this bill is given second reading now, I will move that it be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. CAMPBELL moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until Tuesday, January 27, at 8 p.m.

THE SENATE

Tuesday, January 27, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

The following newly-appointed senator was introduced and took his seat:

The Right Honourable Ian Alistair Mackenzie, of Vancouver, British Columbia, introduced by Hon. Wishart McL. Robertson and Hon. J. W. de B. Farris.

NORTHWEST TERRITORIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill D, an Act to amend the Northwest Territories Act.

The bill was read the first time.

PRIVATE BILL

FIRST READING

Hon. Mr. CAMPBELL presented Bill E, an Act respecting the Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company.

The bill was read the first time.

LOAN COMPANIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill F, an Act to amend the Loan Companies Act.

The bill was read the first time.

VETERANS INSURANCE BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill G, an Act to amend the Veterans Insurance Act.

The bill was read the first time.

WAR SERVICE GRANTS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill H, an Act to amend the War Service Grants Act, 1944.

The bill was read the first time.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill I, an Act respecting the appointment of auditors for National Railways.

The bill was read the first time.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with, I wish to draw the attention of honourable members to the business on the Order Paper, and to make some explanation with respect to it.

The first order is:

Resuming the adjourned debate on the motion of the Honourable Senator Ferland, seconded by the Honourable Senator Gershaw, that an humble Address be presented to His Excellency the Governor General for the gracious Speech which he has been pleased to deliver to both Houses of Parliament.

Honourable senators will recall that before the house adjourned for the Christmas recess, I specifically asked the whip on this side to adjourn the debate, in order that any honourable senator who had not already participated in it would have an opportunity to do so. I hope that all honourable senators who see fit to participate in the debate will do so, but I do not undertake to keep the matter open indefinitely. Should any honourable senator who wishes to take part in the debate be unavoidably absent, he will be given an opportunity later.

Item number three on the Order Paper is a motion to approve of the General Agreement on Tariffs and Trade. Honourable senators will recall that after this motion was introduced, we adopted the procedure of referring the subject-matter of the motion to a special committee. The honourable leader opposite (Hon. Mr. Haig) adjourned the debate, and I am sure he will agree with me that in so doing he did not prevent any honourable senator from speaking to the motion. The meetings of the special committee will be resumed in due course. In the meantime, should any honourable senator wish to speak to the motion, I am sure my honourable friend opposite would facilitate his so doing, after which my honourable friend could again adjourn the debate.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Wednesday, December 17, 1947, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. NORMAN P. LAMBERT: Honourable senators, in participating in the debate on the Address in Reply to the Speech from the Throne, I should like to take advantage of the opportunity to refer briefly, and I hope as comprehensively as necessary, to the sessions of the General Assembly of the United Nations, held at New York last October and November.

First, however, may I associate myself with those honourable members who have already paid their compliments to the mover and seconder of the motion, and express agreement with what has been said as to the excellent quality of their contribution to the debate.

It was my lot in the past to become familiar with the livestock industry, and the particular branches of ranching and cattle farming which were so interestingly described by the senator from Medicine Hat (Hon. Mr. Gershaw). I am in sympathy with the plea made by my honourable friend on behalf of that industry in western Canada. I hope that the protracted quest of the people in southern Alberta for a wider market for their produce will be realized, and will result in much improved conditions in the constituency of Medicine Hat and adjoining districts, where the people have long been successful producers of livestock.

I should like, honourable senators, at this time to express my pleasure at seeing the new senator from Vancouver (the Right Hon. Mr. Mackenzie) in his seat tonight.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: I know that his extensive knowledge of the history of this country and his familiarity with the Canadian parliament, supported by a memory of remarkable capacity, will enable him to contribute much to the discussions in this chamber. I am personally pleased to see him. His appearance recalls to my mind the early 30's when, in the days of the Liberal opposition, I first came in contact with my honourable friend. At that time it was not difficult to tell a Liberal when you saw or heard one. I am sure that in his attitude toward the problems of this country in the future, he will maintain the identity which stands out so clearly in my mind today.

The members of the Canadian delegation to the United Nations General Assembly in New York last autumn undoubtedly will feel a certain responsibility to parliament and to the people of this country for their attendance there. For that reason they will share the desire to make a report before the passing of time and the consideration of other matters have completely obliterated all interest in the affairs of this meeting of the Assembly.

Owing to certain developments which have taken place on this side of the Atlantic since the end of November, we can now, perhaps, get a clearer perspective and a fuller significance of the outstanding features of the discussions than would have been possible a few months ago.

The last brief, futile meeting of the Foreign Secretaries in London, just before Christmas, has reminded all of us, I am sure, that no formal peace to end the war in Europe or Asia has yet been declared. The proposed federation of Western Europe, as indicated last week by the heads of the British Government; the devaluation of Russian and European currencies; the progress of the Marshall plan, with its impact on all Western Europe, including Britain; and developments in Greece and Palestine, represent revealing changes in the world's international background since the closing of the United Nations Assembly.

Owing to the rapidly changing international scene, which makes old news of even yesterday's events, and the desire to save the time of the Senate by avoidance of wearisome repetition of matters which are already well known, I have attempted to commit to paper a review and summary of what were, I think, the outstanding features of the United Nations Assembly in New York. By way of conclusion, in the second part of what I have to say I hope to refer to some events which have transpired since the closing of the Assembly, and which make it clear, at least in my own humble view, that the continuation of the United Nations organization is a vital necessity to the world.

I think it should be said at once that the second regular session of the General Assembly, which opened in Flushing Meadows on September 15 last, represented to the Canadian delegation which attended it a maximum of work and a minimum of recreation. I must confess that New York, for the period of a week, has always appealed to me as a place for pleasure; but for two months, as a place in which to live and work, it has not the same appeal.

Nevertheless, I hasten to say that I am grateful indeed for the privilege of having been able to attend the United Nations

Assembly as a government delegate from Canada. It was an interesting and enlightening experience. Every member of our delegation, I am sure, was very proud of the high regard in which his country was held in that great international conference. To see ourselves as others see us is a wholesome and satisfying experience for any Canadian in these times of hardship in other parts of the world. That objective impression of Canada's status amongst other nations could leave no doubt in anybody's mind of the large measure of responsibility resting upon the government and the people of this country today.

To measure up to that idea, I think, was the animating thought of every member of the non-partisan Canadian delegation that attended the United Nations Assembly. I trust that the Senate may have the pleasure and benefit of hearing later from my friend and colleague the senator from L'Acadie (Hon. Mr. Leger), who was most faithful in his attendance at the sessions of his committee, and whose advice to his colleagues was on many occasions most valuable. It was my good fortune that he was located in the same hotel as I was, and not far away; and I would speak in warm appreciation of the pleasure of getting better acquainted with him and obtaining his sound views on the problems which came before the committee on which I had to serve. The government delegation was also assisted by an able and aggressive staff of young advisers, who were untiring in their efforts to keep Canada to the fore in many of the outstanding events of the Assembly. The contributions made in the different committees by the delegates from Canada during the course of numerous debates and discussions were directed towards the furtherance of the strength and prestige of the United Nations.

The detailed record of the discussions and achievements in the various committees, when it appears in a report soon to be issued by the Department of External Affairs, will show that Canada's part was influential and important. Canada had no axe to grind. Her objective was the common good, and for that reason she enjoyed the good will of the vast majority of the other nations. Membership in the Security Council came to us unsolicited and practically with the unanimous support of the General Assembly. Other distinctions connected with appointments to committees and commissions set up by the Assembly had to be refused, principally because demands upon personnel from our Department of External Affairs, in the fulfilment of expanding obligations, exceed the available supply of manpower.

The keynote of the first addresses of the General Assembly, when it opened at Flushing Meadows in the middle of September, was the failure of the Security Council during the past year to agree upon or achieve any measures which would help to reclaim the world from the effects of the recent war. The purposes and principles of the United Nations as expressed in the first article of the charter had not only not been furthered, but had been ruthlessly denied by the repeated use of the veto by the Russian representative on the Security Council. This situation was frankly defined and set forth by the majority of the speakers, including the Canadian ministerial head of our delegation, during the first days of the General Assembly.

It is not now necessary to review all that happened in the following days of open debate, when Mr. Vishinsky, on behalf of Russia, made his dramatic charge of war-mongering against the United States and Great Britain. His attack was repeated by him many times during the months of October and November; each time with lessening interest and effect. This all came by way of vehement reply to the United States, Great Britain and other nations whose delegates had dared to criticize the past year's record of the Security Council, and the abuse of the veto. It was also a reply to those who proposed to support Mr. Marshall's plan for an interim committee of the General Assembly, to sit continuously throughout the year as a means of safeguarding the interests of the United Nations. That interim committee, or "little General Assembly" as it is popularly described, came into being, supported by the large majority of the members of the Assembly. It is now in session, charged with the task of discussing and making recommendations upon the use of the veto, as provided for in the United Nations Charter.

I think it is generally agreed that the adoption of the Marshall proposal of a "little General Assembly" was the most important development to emerge from the recent sessions in New York.

The establishment of the commission to watch over the frontiers of Greece; the appointment of a commission to safeguard Korean independence; the partition of Palestine; the adoption of the Atomic Energy Commission's report, and the Russian refusal to become a member of that commission; the discussion and approval of the Marshall European relief plan; the fixing of the annual budget of the United Nations Organization, and the unanimous decision to establish a new headquarters for the United Nations Organization on an approved site overlooking East River in New York, constituted most of the

other outstanding features of the last meeting of the General Assembly. Canada's influence was felt in most of these important matters, and particularly in connection with the problem of Palestine. The majority of our delegates favoured supporting the report to partition Palestine. The leading part taken by Mr. Pearson and Mr. Riddell on the subcommittee of the main Palestine Commiteee, in bringing to a positive conclusion a long and wearisome debate, represented a brilliant contribution to the treatment of that problem.

Back of all that went on from day to day in the different committee rooms at Lake Success, however, was the growing public estimate of Russia's future power and influence. This applied not only to the future of the United Nations Organization, but to the peace of the entire world. What has transpired abroad since the end of November, and what is happening now, accentuate that thought even more than was possible a couple of months ago. Public opinion, as reflected in the press and in the comments of the man on the street, indicates an increasing tension over some expected break with Russia. By the same token there is a growing tendency to describe the United Nations as a symbol of futility and unnecessary expense.

There is no denying that the frank question which now confronts the people of all the nations which were represented at San Francisco in 1945 is whether or not the United Nations Organization will be able to survive in the form in which it was established. In facing up to that question it must be remembered that the organization was not set up for the purpose of bringing the war to a formal conclusion or of negotiating treaties of peace with Germany, Italy, Japan, Austria and Hungary. It was set up for the purpose of devising ways and means of maintaining international peace and security after those things had been done, or in anticipation of their being done.

In the light of what has happened during the past three to four months, few people think today that the Allied Nations, which won the war, will be able to agree upon a series of peace treaties which will mark a satisfactory settlement of the war. The emergence of a Russian desire to resist all influence in Europe from the western democracies and, if possible, to dominate that continent with her own system of government and power, has made short shrift of a formal peace conference.

Can the United Nations Organization therefore survive in the face of the present situation in Europe and Asia? Somebody of importance said last week, following the proposed federation of Western Europe, that such a development would mean the end of the United Nations. Mr. Bevin and Mr. Churchill certainly implied that Russia planned to dominate the whole of Europe, by force of arms if necessary. But Prime Minister Attlee said—and this is worthy of note—that this was no time to talk of war, but rather to devise means of preventing war through the United Nations.

One assumes that Mr. Bevin's important proposal of a Western European federation would not have been made without some previous consultation with the government of all the countries included in such a plan. There is reason to think, therefore, that something in the form of a Western European bloc will become a reality. We may well hope for that. If it does happen, then I think that Mr. Attlee's more moderate words suggest not only a wiser but a more accurate outcome of the world situation than do those of Mr. Churchill. The usefulness of the United Nations as an international organization "to take effective collective measures . . . for the suppression of acts of aggression or other breaches of the peace" might then be well justified.

The fundamental differences between the Russian system of government and that in effect on this continent are often contrasted and emphasized; but it is not so often noted that Russians describe their citizenship as a democracy just as sincerely as we do. The contrast between these two types of democracy with their different ideologies has been strikingly expressed recently by a brilliant young woman in England, Miss Barbara Ward. "The West", she said, "is fighting for democracy in the name of religion, while the East is fighting religion in the name of democracy". Whatever the philosophical distinctions between these two conceptions may be, one cannot seriously contemplate the world being plunged into war primarily on account of them. If war again is to be regarded as inevitable, it will be because of the desire of Russia to expand her nationalistic power under the pretext of security, and not as a crusade to promote communism. Communism is the propagandist weapon with which Russia today is endeavouring to penetrate and weaken the economies of the western democracies to the point of helplessness and collapse. In essence, it is an insidious form of warfare which, if it succeeded, would render unnecessary any worldwide conflict of arms. But the increasing and undeniable evidence of Russia's tactics on this side, as well as in England and western Europe, has resulted in hardened resistance and refuta-

tion from the peoples of these countries. The challenge to western ideas of freedom and democracy is being met and overcome. The only immediate alternative step on Russia's part would be armed aggression, which, according to well informed opinion, would be a practical impossibilty for her at the present time.

The United Nations Organization still stands intact. It is equipped and financed to serve at least another year. With the unanimous support of the delegates of all its member-nations, the decision was made last November to erect a new permanent headquarters in New York at a cost of $65 million. Its facilities provide the only meeting-place for all the world, regardless of race, colour or creed. Russia still needs the United Nations, if for no other reason than to advance her cause in the world's principal forum whenever it is possible to do so. Without this international machinery, I believe war would be inevitable. So long, however, as the United Nations Organization can function even as well as it did last autumn, it stands as a rationalizing influence between two different, powerful points of view in two different parts of the world.

The presence of Russia in the United Nations Assembly last fall did much more good than harm to the cause of true democracy. The blunt frankness and theatrical skill which characterized Mr. Vishinsky's verbal assaults upon the socialist democracy of Britain and the capitalist democracy of the Americas did more to enlighten and stimulate public opinion on this side of the Atlantic than anything else that could have happened. The speeches of Mr. Vishinsky, accompanied as they were at the very outset by the announcement from Warsaw of the revival of the Comintern, were undoubtedly responsible for the earlier calling of an emergency session of Congress and the speeding up of the Marshall plan for European relief.

The challenge of democracy at this time is the challenge of ideas rather than of arms; and it is better to have the battlefields of the future pitched on the platforms and in the committee rooms of the United Nations than in the laboratories and industrial plants of the world.

Political freedom and so-called responsible government represent the main outward accomplishments of our democratic system, and we know that inwardly they have given a natural dignity to the individual member of our society. But Russia claims that capitalism has dominated Western democracy to the point of using political freedom to sacrifice the economic and social security of the individual. Our system of democratic government, in answer to this challenge, must show beyond any doubt that it can control the distribution of economic benefits to society as well as its forms of political freedom. That is why the Marshall plan for European relief is so important. It becomes a great demonstration of the capacity of a capitalist democracy to make the distribution of the economic benefits of its system commensurate with its profession of individual freedom and liberty. It also becomes the basis of approach and understanding between the socialism of England and the capitalism of America.

It remains to be seen how important the United Nations is to Russia. The impression of those who have come into working contact with the delegates from Russia and her tributary states is very generally that Russia does not want to become isolated from the rest of the world and will continue to share in the sessions of the General Assembly and the maintenance of the General Secretariat. It is true that Russia at the recent session in New York definitely dissociated herself from any participation in the proposed "little General Assembly," the Korean Commission and the Greek Frontier Commission—and this fact is not promising for the continued unity of membership in the United Nations. But Russia can change and adjust her point of view to that of the majority as quickly and effectively as any other country when the realities of a situation are unmistakable; and today she is faced with realities far more definite than they were at the end of November. All the doors to the "little General Assembly," and to the Korean and Greek Frontier commissions are open to the delegates of Russia, and they can take their places there at any time. For one, I earnestly hope they do.

If, however, Russia and her tributaries withdraw from membership in the United Nations, the character of the United Nations and of its charter will be subject to change. The Russians have already argued at some length that the adoption of a "little General Assembly" by the United Nations last fall was contrary to the provisions of the charter because it was a device to undermine the Security Council. This point was thoroughly investigated by General Marshall and his advisers before the recommendation for an interim committee to sit continuously between annual sessions of the General Assembly was made. Article 51 of the charter was regarded as sound constitutional justification for the decision that was made to create this new body. At any rate, it is sitting now in New York, concurrently with the sessions

of the Security Council; and the Canadian delegate on the Security Council, General McNaughton, and his staff in New York, are supposed to attend it, as well as proceedings in the "little Assembly."

Time alone will show how far the drastic change of shifting executive responsibility for the United Nations as a whole from the Security Council can be effected. Certainly it cannot be done without considering the creation of an entirely new organization, unhampered by the veto privilege of any one power or any group of powers. One of the vital weaknesses of the United Nations at present is its inability to enforce its decisions under article 43 of the charter by the use of military sanctions. The situation in Palestine might be very different from what it is today if the military staff provided for in the charter had been able to act. Altogether, the future of the United Nations as at present constructed is uncertain, but not necessarily hopeless.

In conclusion, may I say of this organization that I believe its affairs command the close attention of all members of parliament. I trust that through the respective committees on external affairs of both houses, working in closer contact with the Department of External Affairs, we shall be enabled to keep in touch with current developments, and in our turn make them known to the people at large.

Hon. L. M. GOUIN: Honourable senators, in rising to support the motion for an address, I wish first of all to congratulate sincerely our colleague from Ottawa (Hon. Mr. Lambert) upon his splendid speech. I listened to it with close attention and found it very illuminating. I join with him in welcoming our new colleague from Vancouver (Right Hon. Mr. Mackenzie). I am delighted to greet him with all our traditional Franco-Scottish enthusiasm.

Hon. SENATORS: Hear, hear.

Hon. Mr. GOUIN: I wish to assure him of my personal friendship and esteem, and I hope that while listening to our debate here tonight he will not regret that he is not in another place.

Conditions throughout the world continue to be difficult and disturbing.

Such are the first words of the Speech from the Throne. It adds, a little farther on:

While unsettled conditions still prevail in Europe and Asia, Canada has continued to enjoy general prosperity. Employment and national income have reached levels never before attained.

Honourable senators, in order to maintain and to even increase employment and national income, it is essential to secure a steady flow of our exports. It is not necessary to remind you that one-third of our annual revenue is derived from external trade. Our whole economy is dependent upon the volume of our business with other countries. Thus, as was so aptly remarked by Mr. St. Laurent in the Canadian Supplement of the *London Times* of October 1947: "During the war Canada became the second exporting nation of the world". But, as a consequence, our distinguished Minister for External Affairs adds: "Canada is exposed to the impact of world conditions perhaps to a greater degree than most other countries".

The failure of Europe to recover from the dislocations resulting from the recent war has rendered many of our former customers unable to pay for their purchases in Canada. Their financial plight confronted our government with the following dilemma: Either to let our export trade suffer a most serious interruption or to continue our policy of making loans to European countries in order to enable them to finance their transactions here. The decision of our Prime Minister and his colleagues was to carry on our former program of mutual aid. For this wise and statesmanlike policy, I believe that those who are at the helm of our ship of state deserve to be warmly congratulated. Otherwise our good people would have suffered again from unemployment on a terrible scale, and the spectre of depression would have stalked once more throughout this land of ours. Here, I am bound to remark that great care must be taken to protect ourselves against further dislocations in this post-war period, because the superhuman war effort of our relatively small population has already taxed our resources to their limit. The cost of the late conflict represents for our 12 million Canadians approximately $19 billion. Mutual aid amounts to approximately $4 billion.

The *New York World-Telegram* of about January 13 stated: "Canada has loaned a total of $1,850 million to European countries," and described this as "a bold and sacrificial contribution."

Indeed, in 1945, when the triumph of our arms was just achieved, we did not anticipate the tremendous additional burden which the post-war period would impose upon our taxpayers. Victory is proving very costly. Three years ago we did not expect to be obliged to contribute to such an extent and for so prolonged a period to the reconstruction of the countries which have served as battlefields. Of course, we now have a sad feeling of

frustration, disappointment and disillusionment. But unless we succeed in bringing back to western Europe its productive capacity, our whole Canadian economy will suffer the worst crisis in our history. Therefore, the only course which can produce satisfactory results in the long run is the one followed by our government. For us, prosperity in the world is indivisible; we cannot maintain our national prosperity unless we assure also the prosperity of the nations which, once our restricted domestic market is satisfied, serve as the indispensable outlet for the huge volume of our surplus production.

Since 1945 our prosperity has been secured by the plan which I have just described. I admit that such means cannot be used indefinitely. I know also that this scheme is in the nature of a long-term investment. This system of financing our customers, and in fact of advancing money to enable them to buy our produce, is not normal and cannot last forever. Thus, our prosperity during all these past years has been to a great degree artificial, and a day was bound to come when we would practically reach the breaking point. This day came near the end of last year when our foreign exchange position was considered critical enough to justify the adoption of various measures of an emergency nature.

Commenting upon our present crisis about ten days ago, an American newspaper, the *Newport Express,* pointed out that "Canada has loaned Britain many millions of dollars and is now fighting for her economic life."

I wish very sincerely to thank our good neighbours for their sympathy, but at the same time I want to reassure them. Concerning the final outcome of our present struggle I have no doubt and no fear. Our situation is certainly difficult, but it does not justify any alarm. We have done more than our share towards winning the war; we are fully determined to continue our total effort to win the peace, and with the help of God, to whom we have owed so much in the past, we will triumph once more. It is of course a case of helping ourselves if we want Heaven to help us—*Aide-toi et le Ciel t'aidera,* as we say in French.

Our government has already taken the necessary measures to conserve and supplement Canada's reserve of United States dollars. Those provisions, of a purely temporary character, deserve the fullest support of the Canadian people. Such restrictions as have been imposed are clearly unpleasant to accept, particularly as our previous voluntary sacrifices have been surpassed by those of no other country.

Though a Liberal by conviction, as well as by tradition—and I am not ashamed of either qualification—though an ardent believer in freedom and a persistent opponent of socialism, communism or totalitarianism in any form or shape, I consider the re-establishment of controls and the temporary imposition of certain limitations to our economic liberty as absolutely necessary, and the only means available to check the present crisis. I believe in freedom; but our experience in the decade following 1929 has convinced me—and it should also have convinced all my fellow Canadians—that freedom is not sufficient to cure all evils. It was and is indeed the duty of our government, in the interest of all our population, to prevent any unnecessary further indebtedness to the United States. We must not only maintain our already depleted supply of United States dollars, but take the proper steps to replenish our coffers with the so-called "hard money". For that purpose, I understand, efforts will be made to increase as soon as possible our exports to the great neighbouring democracy.

It is clear that trade is not a one-way alley. We buy more from the republic to the south than from anybody else, and in order to pay for our purchases we must sell abroad to customers who are able to pay for their imports in money convertible into dollars. At the present time our European customers cannot do this, and as a consequence "our capacity to render further assistance to other countries"—to quote the expression used in the Speech from the Throne—is necessarily limited. Moreover, charity begins at home, and whatever may be our origin or sympathy, we must never forget that our first loyalty is due to Canada. In other words, we should always ask ourselves what is most in the interest of our country at large? For instance, should we try to develop the volume of our sales to the United States instead of continuing to ship our goods elsewhere? We have been very generous in the past, but necessity will force us in the future to be more practical and less sentimental.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw), who seconded the motion for the adoption of the Address, advocated the lifting of the embargo on the export of our cattle to the south. While very serious reasons seem to be in favour of a relaxation of this prohibition, absolute freedom of trade in such a commodity is not now possible, because it would cause a very serious scarcity of meat in Canada. I know also that we have assumed further commitments to Great Britain for the supply of beef and other commodities. Many factors must be taken into consideration, and I suggest that at the earliest opportunity we should

study when and how it may be feasible to establish a quota system for the sale of some of our cattle on the American market. This is only one illustration, among others. I understand that the proper department is giving all its attention to a readjustment of our national economy.

To sum up, our exports to the United States or to other dollar areas must be increased in a definite way. In the past, for our external trade, we used only two baskets, so to speak. We were for the most part filling the British basket with our goods, and for our needs we were drawing mainly from the American basket. It has become evident that new markets and new outlets must be developed. Our government has fully realized that necessity. Trade missions have been sent overseas and foundations have been laid successfully for our future commercial relations.

The most encouraging development in this vital matter is embodied in the Geneva Trade Agreements. There we find, at least to a great extent, a permanent solution of our exchange problems. Our representatives at Geneva and our government deserve to be congratulated on the brilliant part played by Canada in securing the conclusion of these arrangements between our country and eighteen other nations. As stated in the Speech from the Throne, "the future well-being of the nation depends upon the revival of world trade."

"A positive achievement." Such is the graphic expression used to describe the result of the last conference at Geneva. Indeed it is "a positive achievement". It is even more than that for all those who belong to the same school of political thought as myself; for us it is the realization after many years of a dream always kept alive in our hearts—the great and noble dream of freer trade among all nations. True Liberals have always considered high tariff barriers as something unnatural, and we have accepted protection only as a lesser evil. I am not a Liberal doctrinaire, and I believe in the principle of economic evolution in a gradual and practical manner. I am not at all an advocate of hasty and radical changes. Such is not the way of nature. I say that under the wise and truly Liberal administration of Mr. King, whose record is second to that of none of the greatest statesmen now alive, under the really progressive and efficient regime of our present Prime Minister and his colleagues, we are moving constantly and safely towards greater freedom in all our national fields of activity. Freer international trade is a constructive step towards world peace, and even towards our ever cherished goal of human brotherhood.

Honourable senators, those two words "human brotherhood" have for us a sacred meaning. They are the corner-stone of our democracy in North America. Indeed, without a true spirit of Christian brotherhood among all our races, all our faiths and all our classes, Canada cannot progress, or even survive permanently. Fully realizing in our national life the necessity of having for all our fellow-Canadians a truly fraternal heart, we embrace also in our humanitarian ideal our external relations. Yes, in spite of all the dark clouds which are now hanging over us, we firmly believe in the brotherhood of states and sisterhood of nations.

Humanitarianism is our guiding star in world affairs, because we are inspired and moved by the admirable example of a great patriot and a great humanitarian, one who during almost a quarter of a century has presided successfully over the destinies of our people—our beloved leader, the Right Honourable William Lyon Mackenzie King. It is with a painful sense of sorrow that I contemplate the day of his retirement after his many years of public service, which form some of the greatest chapters of our national history.

During the critical years of the early twenties, and more recently, during the tragic period of the last world war and its depressing aftermath, the first citizen of our Canadian democracy has devoted all the hours of his life, to serving our country and humanity. From the time of his youth he has taken as his model the illustrious French scientist Louis Pasteur. For this immortal benefactor of the human race Mr. King has always shown deep and sincere veneration. He has learned from his great master that mankind has to choose between the law of blood and of death on one side, and the law of peace, work and health, on the other. As an apostle of Christian democracy, Mr. King has dedicated himself to the sacred cause of peace—internal peace as well as world peace. His destiny has imposed upon his shoulders both the burden and the glory of being a great war leader. During the entire period of the late conflict the most anxious desire of this peace-loving statesman was, to use his own words, to bring hostilities "to a victorious close at the earliest possible day." Thanks to the courageous leadership of our Prime Minister, Canada in proportion to her resources has done more than any country in the world to defeat the enemies of mankind. There is no doubt that our superhuman contribution to victory has, justly entitled us, as claimed by Mr. King "to share effectively in the making of peace".

At first, apparently, none of our great friends, I mean the great powers, would lift one finger in order to admit us to the preliminary peace talks. No! There was no room at the round table for a Canadian. Before the situation had deteriorated as much as it has now, we, as a middle power inspired only by the democratic ideal of justice, could have played a most useful part in trying to keep the Big Four together. Mr. King—history proves it—has saved our country by consolidating our national unity when we were threatened with civil strife; his splendid record speaks for itself; and I am convinced that he would have exerted a most beneficial and unifying influence upon our former allies before bitter antagonism separated them into two unfriendly groups. To quote his own words at the Paris conference in 1946, Mr. King would have satisfied every one that—

> Canada seeks no territory, no reparations, no special concessions of any kind, but we do seek to build a lasting peace. Canada's interest in peace springs from deep within the heart of Canada's nationhood.

Yes, we are a peace-loving country, and we are convinced that peace can still be obtained and preserved. In these days, so reminiscent of 1939, humanity can yet be saved by those who share the unshaken faith of our Prime Minister in the brotherhood of man and the Fatherhood of God. I pray to Heaven that the ideal which Mr. King inherited from Pasteur—his ardent belief in the law of peace, work and health—may deliver us from the scourge of the law of blood and death. O Lord! May all our fellow men and women who are tempted to think that the lines of battle are already set, understand that our only ambition as Canadians is to live in peace among ourselves and with the rest of the world; to develop peacefully our resources; to have peaceful and even friendly relations with all other peace-loving peoples of the earth and, faithful to the Christian and humanitarian creed of our great Liberal leader, "to hold to the end of our days, our enthusiasm for human betterment." Such indeed is our goal for ever. But of course we add—and let there be no mistake about it: "O Canada, we stand on guard for thee!"

Hon. Mr. WHITE: Honourable senators, on behalf of the honourable senator from Peterborough (Hon. Mrs. Fallis) I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 28, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill C, an Act respecting The Bell Telephone Company of Canada.

He said: Honourable senators, the committee have, in obedience to the order of reference of December 19, 1947, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 2. After clause 2 add the following as new clause 3:—

"3. (1) Notwithstanding anything in chapter sixty-seven of the Statutes of 1880 or in any other acts respecting the company, the capital stock of the company is hereby sub-divided into shares of the par value of twenty-five dollars each. Every person holding a share or shares of the par value of one hundred dollars each shall hereafter be deemed to be the holder of the same aggregate amount of the stock divided into shares of twenty-five dollars each, and on surrender of the share certificate or share certificates for shares of the par value of one hundred dollars each held by him shall be entitled to receive in exchange therefor a new certificate or certificates for the same aggregate amount of stock expressed in shares of the par value of twenty-five dollars.

(2) Sub-section (1) of this section shall come into force on the first day of July, 1949, or on such earlier date as the directors of the company may fix by resolution."

2. Page 2. After new clause 3 add the following as clause 4:—

"4. (1) If a transmission of shares or other securities of the company takes place by virtue of any testamentary act or instrument, or in consequence of an intestacy, and if the probate of the will or letters of administration or document testamentary, or other judicial or official instrument under which the title, whether beneficial or as trustee, or the administration or control of the personal estate of the deceased is claimed to vest, purports to be granted by any court or authority in the Dominion of Canada, or in the United Kingdom of Great Britain and Northern Ireland, or in any other of His Majesty's dominions, or in any of His Majesty's colonies or dependencies or in any foreign country, the probate of the said will or the said letters of administration or the said document testamentary or, in the case of a transmission by notarial will in the province of Quebec, a copy thereof duly certified in accordance with the laws of said province, or the said other judicial or official instrument, or an exemplified copy thereof or extract therefrom under the seal of such court or other authority, without any proof of the authenticity of such seal or other proof whatever, shall be produced, and a copy thereof, together with a declaration in writing showing the nature of such transmission, signed and executed by such one or more of the persons claiming by virtue thereof as the company may require, or, if any such person by any other company, signed and executed by an officer of such other company, shall be deposited with an officer of the company or other person authorized by the directors of the company to receive the same.

(2) Such production and deposit shall be sufficient justification and authority to the directors for paying the amount or value of any dividend, coupon, bond, debenture or obligation or share, or transferring, or consenting to the transfer of any bond, debenture or obligation or share, in pursuance of and in conformity with such probate, letters of administration or other such document."

3. Page 2, line 5. For "3" substitute "5."

4. Page 2. After clause 5 add the following as new clause 6:—

"6. Wherever in the French version of the company's acts of incorporation and in any other acts relating to the company, the words "La Compagnie Canadienne de Téléphone Bell" appear there shall in each and every case be substituted therefor the words "La Compagnie de Téléphone Bell du Canada," but such change in name shall not in any way impair, alter or affect the rights or liabilities of the company nor in any way affect any suit or proceeding now pending or judgment existing either by or in favour of or against the company, which notwithstanding such change in the French version of the name of the company, may be prosecuted, continued, completed, and enforced as if this Act had not been passed."

In the preamble

5. Page 1, line 4. After "petition:" insert "and whereas it is expedient to clarify the powers of the company and to provide as hereinafter set forth:".

The committee beg to call the attention of the Senate to the provisions proposed by amendments 1, 2 and 4 which do not appear to have been contemplated in the notices published under the provisions of rule 107. Amendment No. 1 provides that the company at any time before July 1, 1949, will be at liberty to split its $100 par value shares into four $25 par value shares. Amendment No. 2 introduces the provisions of the Companies Act governing transfer of shares in case of death. Amendment No. 4 amends the French translation of the company's name from "La Cie Canadienne de Telephone Bell" to " la Cie de Telephone Bell du Canada." Although such amendments were not contemplated in the petition, I understand that the irregularity may be cured if the Senate concurs in the adoption of the report.

PRIVATE BILL

FIRST READING

Hon. Mr. CAMPBELL presented Bill J, an Act to incorporate National General Insurance Company.

The bill was read the first time.

PRIVATE BILL

FIRST READING

Hon. Mr. ROEBUCK presented Bill K, an Act to incorporate People's Fraternal Order.

The bill was read the first time.

PELAGIC SEALING (PROVISIONAL AGREEMENT) BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill L, an Act respecting the provisional Fur Seal Agreement between Canada and the United States of America.

The bill was read the first time.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with I should like to outline, for the benefit of honourable senators, a suggestion respecting future sittings which I propose to put before the house tomorrow.

It is my hope that with the business already before the Senate and further legislation which I will introduce later, some of which is of considerable importance, we can look forward to a period of three or four weeks of continuous sitting. Because of the peculiar circumstances which exist in relation to the general progress of legislation, I have intimated to the government that we have been and are now ready to render every assistance we can to expedite the business of parliament. I am hopeful that my representations will be to some degree effective.

The information I now have prompts me to suggest that when the house adjourns tomorrow it stand adjourned until Tuesday evening, February 3. I suggest this for two reasons: first, that there is no urgent demand that the Senate sit on Friday and Monday; and second, amongst other things, that the work of the Standing Committee on Divorce may be facilitated. This committee —which as honourable senators know carries a heavy load—is anxious to proceed with the business now before it, and the adoption of this suggestion will enable it to commence its work at once, without in any way interfering with the progress of other legislation before the Senate.

Hon. JOHN T. HAIG: In the December meeting of the Committee on Divorce, I, acting on behalf of the chairman, requested the clerk to set down cases for Friday, Saturday, Monday and Tuesday of this week-end. I did so for two reasons: first, that already there are more than 275 petitions to be dealt with; and second, that an early disposition of the cases will expedite their arrival in the House of Commons. This will avoid the legitimate objection of that house to having 150 or 200 divorces dumped on its doorstep near the close of the session, as happened last year, when some of the cases were not even accompanied by printed copies of the evidence. I am pleased, therefore, to hear the suggestion of the leader of the government that Friday, Saturday, Monday and Tuesday be left open.

May I point out to the leader of the government that there is legislation in the other house which will probably be dealt with early next week, and that there is also legislation having to do with the extension or the controls which expire March 31, 1948? I am not especially concerned with the observance of Easter, but I note that this year it comes very early; in fact, Easter Sunday is on the 28th of March. Unless the government proceeds at a very early date with its control legislation, that legislation may land on our doorstep on or about Monday, March 29, and we shall have to remain here over the Easter recess in order to get it through. As some of us who live at a distance from Ottawa would like to go home for Easter, I would urge the government, through the leader of the house, to advance this legislation in the other place as rapidly as possible.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. ANTOINE J. LEGER: Honourable senators, as a parliamentary adviser to the Canadian delegation at the United Nations' Assembly, I may be expected to say a few words of thanks to those who were responsible for or contributed to my appointment, and to give in a general way my impressions.

In the first place, I have benefited by the discussions, the arguments, and even the controversies which I heard; I have esteemed highly the many acquaintances which I was privileged to make, and I have enjoyed immensely the fellowship of my compatriots. For all these things I am grateful.

When the United Nations' Organization was formed to maintain peace and security, and to bring about by peaceful means the settlement of international disputes, a great hope arose amongst all the nations of the world. In the purpose of the United Nations' Organization—

to impart a common welfare to all men—people in all regions of the world foresaw the establishment at once of an era of concord, collaboration and fraternity, based on justice and liberty. In their great joy they did not apprehend that it was difficult to maintain peace before peace was established, before all the social, political and economic crises brought about by the last war were eliminated, and before all the sources of human miseries were dried up.

They thought, in their naive joy, that such an organization would at once banish all the causes of international trouble, and would bring about a universal accord. They did not realize that in order to effectuate not only a practical and reasonable solution, but a settlement acceptable to all, the organization would be called upon to pronounce upon all the doubts, all the suspicions, all the disputes, and all the conflicts amongst the peoples of the world. So last year, when disagreements arose at the Security Council, when the same nations who created the United Nations were unable to agree, when the quarrel between the East and the West became acute, the United Nations' Assembly was subjected to a serious test. Created to preserve peace, this organization is operating before the peace terms have been settled, before the major peace treaties have been signed, and so has had to face a series of political disputes which have divided the world into two hostile camps.

Viewing this state of affairs, public opinion, still under the tension of the last war and shaken by the dramatized news of the press, has immediately concluded that the dissolution of the United Nations is near, and even that another war is in the offing; but after listening to most of the debates for two months I have come to the conclusion that no matter how strong political differences may be, the situation does not constitute a threat to the existence of the United Nations. Whilst it may be true that the great powers suspect one another, or each other's intentions, and are not prepared to accept the decisions of other states on many questions affecting what they deem to be their own welfare, yet no nation thinks of war, wants war, or would tolerate war. No nation has either pronounced itself against the principles contained in the charter or manifested any intention to withdraw from the United Nations. On the contrary, the fifty-seven nations which are members of the organization, and which represents 80 per cent of the world's population, have not only expressed a fervent desire to maintain peace, but have pronounced themselves as absolutely opposed to all forms of aggressions. But they are not in accord as to the best means to take or to follow to achieve that desired end. In short, the deduction to be gathered from the debates up to the present time is that there is a determination that the United Nations organization has to survive, to solve in common all the economic and social problems of which it is seized, and to fulfil its duties towards humanity in conformity with the principles enunciated in the charter.

In its brief but already fruitful existence, the United Nations Organization has to its credit an impressive record of decisions reached and actions taken in every field of its responsibility. At its last meeting no less than sixty different items of business appeared on its agenda for which a solution had to be found, and was found. It acts in co-operation with specialized agencies that have been admitted to form part of its organization, such as the International Labor Organization; the Food and Agricultural Organization, which is apportioning the food resources of the world amongst distressed countries; the Educational, Scientific and Cultural Organization; the International Civil Aviation Organization, and others. It has established a commission on human rights, a social commission, a commission on transport and communications, a commission on the status of women, a fiscal commission, a commission on statistics, an international refugee commission, and a world health organization, which works faithfully and well in this dislocated world to prevent the spread of contagious diseases. It has created an International Court of Justice whose function is to decide, in accordance with international law, such controversies as are submitted to it. It has established and put in operation, under its authority, an international trusteeship system for the administration and supervision of territories heretofore under a mandate, principally to encourage respect for human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion. In fact, the rapidity of the growth of the United Nations' Organization and the diversity of tasks entrusted to it are without parallel.

Add to this that it has directed public opinion towards a union in a comprehensive system to assure to all a greater security, and that it has provided, in the General Assembly, a tribunal where all causes of international disputes are decided solely upon merit, and you have a faint idea of this co-operative and collective organization of fifty-seven nations, working in solidarity to assure a lasting peace and to advance the welfare of all countries.

But, honourable senators, there are shades in this tableau. Though the General Assembly

is of great weight as a vital forum of world opinion and as a medium through which smaller nations may express their views, it is subsidiary in many ways to the Security Council, which is charged with the maintenance of international peace and security.

The General Assembly may discuss anything and make recommendations thereon, but it has practically no power, without the aid of the Security Council, to enforce its decisions. It therefore follows that the Security Council is the body that carries out the recommendations of the General Assembly. Established as a place where, in the last resort, differences could be settled and situations appeased, it has become frozen in its actions because of the abusive use of the veto. However it is not conceivable nor tolerable that such a situation should continue to exist in the Security Council.

It must be remembered that the United Nations has been in existence for only two years, during which it has been working on a program so vast that handled otherwise it might have taken generations to complete. It must be understood that the United Nations was never expected to play the role of a peace conference. On the contrary, the peace treaties were to be negotiated by the belligerent powers immediately concerned.

I venture to say that once the peace treaties are signed, the international tension will become less acute and the United Nations will have a long and useful existence ahead. This is the first time in the history of the world that, on such a scale, an organization of this kind has been seized of all the international problems of the world; and so it seems to me that nothwithstanding the difficulties in the Security Council there is no room for discouragement. However strong and divided the opinions within the United Nations, the actual situation does not constitute a serious threat to its existence. On the contrary, these discussions have had the effect of dissipating fears, surmounting doubts, moderating strained relations and bringing minds to a better understanding. Many such difficulties have already been settled and others are constantly being removed.

In order to succeed it is necessary to inculcate in all the member nations a confidence in their organization; to maintain the spirit of solidarity and international co-operation which prevailed when the organization was founded; and to replace hatred by love, violence by fraternal understanding, and disunion by union.

Canada, always maintaining its faith in the United Nations and always willing to co-operate to the full in initiatives that tend to increase the fraternal solidarity of people and procure peace and international security, has not hesitated to accept membership in the Security Council, in all the deliberations of which our representative will strive to promote the spirit of justice and conciliation.

The election of Canada to the Security Council is not only a token of esteem and confidence on the part of the other states-members, but a tribute to this country for the great contribution it has brought to the affairs of the organization.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LEGER: Canada as a democratic country, free from all the political quarrels which divide the world, desirous of maintaining peace and contentment within the universe, will honourably discharge its duties in the Security Council, as it has done in the General Assembly. Its contributions in this new field will be appreciable and appreciated.

I conclude by affirming that the United Nations Organization will survive its present difficulties; that it will continue to work faithfully and well, and will accomplish the great task for which it was established.

Some Hon. SENATORS: Hear, hear.

Hon. W. RUPERT DAVIES: Honourable senators, before undertaking to participate in the debate on the Address in reply to the Speech from the Throne, I should like to extend my word of welcome to the new senator from Vancouver (Right Hon. Ian Mackenzie).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVIES: I am sorry that I was unable to be present yesterday when the right honourable gentleman was introduced, but last night was an important one in the prosperous and up-and-coming city of Kingston, being the occasion of the annual banquet of the Kingston Chamber of Commerce. It was my privilege to introduce the guest speaker, the Honourable Lionel Chevrier, Federal Minister of Transport, who gave a very fine address. Incidentally, to show that we are not biased in Kingston, last year we invited Premier George Drew to address us.

I am sorry also that the honourable senator from Lethbridge (Hon. Mr. Buchanan) is not in his place this afternoon, because I should like to congratulate him on completing forty years as editor and publisher of the *Lethbridge Herald*. I know the honourable senator from Halifax (Hon. Mr. Dennis), whom I am very

glad to see in his place today, will agree with me that it has not been given to many Canadian newspaper publishers to found a daily newspaper, and then to edit and publish it continuously for forty years. That is the accomplishment of the honourable senator from Lethbridge, who during the same period has found time to serve the public of Canada, first in the Alberta Legislature, then in the House of Commons, and finally, for nearly a quarter of a century in this honourable house.

This gives me an opportunity to say just one word about the Senate. I am sick and tired of all this talk about the Senate: what it does not do, what it should do, and what ought to be done about it. I have found that the less people know about the Senate the more they have to say about it. I heartily agree with the honourable senator from Winnipeg (Hon. Mr. Haig) in his symposium on the Senate, which was carried recently by a big Toronto financial newspaper. He said that this house was largely non-political. In that I agree with him. I believe it is 95 per cent non-political, and that, I feel, is what makes it a very valuable body. This is my sixth session here, so I am practically a newcomer; but like all newcomers, a few weeks after coming into the Senate I thought that I had a few ideas on what could be done with the Senate. Many long years ago, at the age of sixteen, I joined a debating society, and—you can believe it or not—our first subject of debate was "The abolition of this Senate." Honourable senators will recall that that was one of the planks in the 1896 platform of the great statesman Sir Wilfrid Laurier. Well, the Senate has not yet been abolished, and I hope it never will be; and I hope that nothing will be done to change it. I think the Senate is all right just as it is. I have no sympathy whatever with the contention that appointments should be made by the provinces, that there should be an age limit for senators, and so on.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVIES: I have no sympathy at all with those arguments. The Senate is a very valuable body, as the people would realize if they would only pay some attention to what it has done. But how can you expect the people to know what the Senate is doing, when even the press gallery does not know? A certain well-known publication, called *New Liberty,* has been much in the news lately. A few weeks ago its Ottawa correspondent said that members of the Senate and the House of Commons had increased their indemnities by $2,000 a year and had taken good care to see that this increase was free from income tax. Well, as of course everybody in this house knows, the increase of $2,000 in the senatorial indemnity is not free from taxation. When that kind of thing is handed out through a magazine with a circulation of 200,000, you do not wonder why people are so mixed up about the Senate.

Two sessions ago the Senate sent the Foreign Exchange Control Bill back to the House of Commons with sixty-seven amendments, every one of which was accepted by that house. That is just one indication of the work that the Senate does. I think that the less attention we pay to these people who talk about reforming the Senate, and doing this and that with it, the better it will be for this body and for Canada as a whole.

Now I want to say a word or two about the Speech from the Throne. I do not know much about economics. Last night I listened to the Minister of Transport as he told us why we have to do this, that and the other thing. He told us that we are very short of United States dollars. To try to cope with the cost of living by rolling back prices to 1946 levels, he said, would cost the people of this country hundreds of millions of dollars in subsidies. As he remarked, there are various schools of thought on how the present situation should be remedied. One suggestion is that the excess profits tax should be reimposed. I sincerely hope that will not be done, or if it is done, that it will be more equitably imposed than it was during the war.

Hon. Mr. ROEBUCK: Hear, hear.

Hon. Mr. DAVIES: The excess profits tax that was enforced during the war was in my opinion most unfair. Companies which had made big profits during the four basic years were allowed to retain all but 40 per cent, whereas companies which for various reasons had made small profits during the basic years had to give up 100 per cent of their annual profits above that basic average. I admit that there is to be a 20 per cent rebate some day. That tax worked a great hardship on many businesses. I speak particularly of some newspapers with which I am well acquainted. If we must have another excess profits tax, the whole question should be carefully studied before the new act is put on the statute books of this country. We should not have the same act that we had during the war.

As I said earlier, I do not know much about economics. I do know, however, that the cost of living has gone very high. On the Kingston market about two weeks ago I paid 37 cents for half of a small cabbage. I do not care

much for paying an extortionate price like that; I would rather be able to buy cabbages at five or ten cents apiece. These high prices result from various conditions over which nobody seems to have any control at the present time, and it is the people with small fixed incomes who have been hit the hardest. People in business may adjust their revenues to meet increasing expenses, and employees can ask for, and usually can get, an increase in wages or a cost of living bonus, but people with small fixed incomes outside of those classes are having a very hard time to make ends meet.

I wish to deal for a few minutes with the report of the Unemployment Insurance Commission. The commission is doing a very good job, but I am not quite convinced that it is on the right track. At a public meeting in Quebec —this week, I think—the Minister of Labour said that last year the National Employment Service had placed 769,849 workers, including 13,600 handicapped men and women, and 248,095 veterans, 7,105 of whom were handicapped. Dealing with immigration of displaced persons, the minister said these would include 5,500 woods workers, 2,516 clothing workers, 3,000 domestic workers, 3,234 heavy labourers, 1,000 building construction workers, 2,050 outside rural construction workers, 2,000 agricultural workers, 2,457 metal miners, 200 textile workers and 100 boot and shoe workers. That is a very fine record. I might remark here that I have had something to do with a number of displaced persons who have come to Canada, and they have turned out very satisfactorily indeed.

Speaking in this house about two years ago, I expressed doubt whether it was necessary for the Unemployment Insurance Commission to build up such enormous reserves. On page 7 of the present report we are told that employers and employees began contributing to the fund on July 1, 1941, and that at the end of the 1946-47 fiscal year the net balance in the fund was $372,878,625.65. The fund has already paid out $82,539,424.99 in benefits to entitled persons temporarily unemployed. On page 32 we find that the assets of the commission at present are more than $373 million. The commission's total income in the last fiscal year was nearly $99,000,000, and its payments out were about $43,000,000, leaving a net of about $55,000,000. I do not know whether it is necessary for the commission to have so large a net annual income, because I find that from September, 1930, when relief legislation went into effect, until March 31, 1936, the total spent by the federal government for relief purposes, including works and direct relief, was $204,838,007.

I do not propose to question seriously whether the Unemployment Insurance Commission is collecting too much from the employer and the employee. My main bone of contention is that the Unemployment Insurance Act has been amended by order in council so that the employer is compelled to pay for something for which no one gets any return. The commission's insurance bulletin No. 5, in a section dealing with part-time employment, says:

> All certificates of excepted employment will cease to be effective December 31, 1947.
>
> Certificates of excepted employment have been issued under section 8 of the coverage regulations to certain employees working part-time only, and the holders of these certificates have not been insured under the act. Accordingly neither employer nor employee has been required to make contributions. This section of the regulations will cease to be effective December 31, 1947.

Concerning the exemption of certain employees the document has this to say:

> The holder of a certificate of exemption is not insured, but his employer is required to contribute on his behalf at the rate of 24 cents a week, or 4 cents a day.

Honourable senators, I do not think that employers in this country should be asked to contribute 24 cents a week for employees who have asked to be exempted and, therefore, are not insured. It is most unreasonable, in view of the surplus which the Unemployment Insurance Commission has on hand, to ask employers to pay into the Treasury of Canada something for which they will get no direct return.

Let me speak of the business with which I am familiar—the newspaper business. My honourable friend from Halifax (Hon. Mr. Dennis) will bear me out when I say that today no journeyman printer is paid less than $40 per week. Perhaps in a large city like Halifax he gets more. He is required to pay to the Unemployment Insurance Commission 36 cents a week, or $18.72 a year, and his employer contributes $14.04 a year. In the higher income brackets the employee pays more than the employer, while in the lower brackets their positions are reversed. I repeat that it is most unreasonable that an employer should be asked to pay 24 cents a week on behalf of an employee who has asked to be exempted and who is, therefore, not insured.

I read an editorial recently in the Watertown *Times* which made me very proud of Canada and proud to be a Canadian. This newspaper, with a circulation of almost 50,000, is published in northern New York State, and comes to my office every day. The people of Watertown are very friendly towards the

Dominion of Canada. A reader wrote to the *Times* asking what Canada had done during the war, and this is the reply:

Canada has made a postwar loan of $1,250,000,000 to Great Britain. In this connection, it should be noted that Canada has also made credits totalling $650,000,000 available to other European countries. And she has advanced about $275,000,000 as direct postwar relief in the military zones and through UNRRA and the International Refugee Organization. This altogether makes more than two billions which Canada has advanced for postwar relief and reconstruction.

However, these figures cannot be appreciated until they are compared with American resources. Canada has a population which is about one-twelfth that of the United States. Therefore, on the basis of population, America would have to loan some $15,000,000,000 to England to equal Canada's effort. On the basis of income, we would have to loan some $25,000,000,000. And to equal all of Canada's postwar loans and advances, America would have to raise from $25,000,000,000 to $40,000,000,000.

Canada's postwar loan is only one example of assistance to the mother country. During the war our northern neighbour contributed more than a billion in outright gifts to Britain's cause. At present she is selling wheat to Britain at a price considerably lower than that of the world market. Such gifts and advances, all requiring some American dollars, are the reason that Canada must now hoard the American dollars she has left and ask credit from us.

Our congress is now haggling over a Marshall Plan for European recovery that will cost an estimated $17,000,000,000. Those who doubt we can raise that much are advised to look at Canada's record. Let no one suggest that Canada is not doing her full share toward the recovery of both her mother country and Europe.

We are all proud of Canada, and it is a great country, but unless we do something about communism I am fearful of what will happen to us. I think we are playing with fire, and that some drastic steps should be taken to counteract this menace. Some people euphemistically refer to it as a "different ideology" or a "leftist ideology". I do not think communism is an ideology at all, but a direct attempt to control this country from Moscow.

We frequently read that statesmen such as Prime Minister Mackenzie King and Premier Drew have spoken very strongly on this subject. I do not think they can speak too strongly. It is my belief that the time has come when the Parliament of Canada should outlaw communism. I see no reason why we should tolerate it. There are in our universities professors who are avowed communists. I ask honourable senators how long would one be permitted to publish a democratic newspaper in Moscow? Yet, I am told, we allow two or three dozen communist papers to be published in Canada.

As I picture conditions today, Canada represents a huge door labelled the "Canadian way of life", and there is a big black bear nosing around the bottom of that door trying to open it. Eventually, if we are not careful, that bear will get his nose in the door and, according to the old story, he will next get his paw in, then his shoulders, and eventually the whole bear will be in. As far as I am concerned, I would like to see the door slammed shut tight, and I would not care if in the process it took the tip of the nose off that big black bear.

Some Hon. SENATORS: Hear, hear.

On the motion of Hon. Mrs. Fallis the debate was adjourned.

DIVORCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. HAIG: With leave of the Senate, I would move that the name of the Honourable R. B. Horner be added to the list of senators serving on the Standing Committee on Divorce.

I may say, in explanation, that the Committee on Divorce cannot sit in two sections tomorrow without the appointment of another member. The leader of the government, who unfortunately is absent from his seat at the moment, concurs in the motion.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 29, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. IVA C. FALLIS: Honourable senators, in rising to speak for a short time in this debate, I should like to associate myself with the speakers who have preceded me in extending my sincere congratulations to the mover and seconder of the Address in reply to the Speech from the Throne.

As was said yesterday by the honourable senator from Kingston (Hon. Mr. Davies), this is a debate in which we are allowed to roam at will without fear of being called to order. So for a few minutes I should like to avail myself of this opportunity to talk to honourable senators about food—food for ourselves and for others. During the last few weeks I have listened to several Canadian women speaking in different parts of Ontario, women who have recently returned from England and the European continent, and they were unanimous in saying that the focal point of all conversation both in England and on the continent, wherever two or three were gathered together, was the topic of food. We are rapidly approaching that situation in Canada today. No doubt many honourable members read in the December 1 issue of *Maclean's* an article by L. S. B. Shapiro, entitled "Will Stalin's Bread Conquer Europe?" The substance of the article could be summed up in two sentences. First: Russia can win Europe without firing a single shot—How?—by a blow to the empty stomach. And the second sentence: This is a war; the weapon is food.

The importance of the part which this continent can play in supplying the weapon to fight this food war has been stressed by many speakers in many places, but I think no one has put it more concisely and more forcefully than Mr. Charles Luckman, Chairman of the Citizens' Food Committee of the United States. Speaking at the inauguration of a campaign in the United States to save food for starving Europe, and thereby to attempt to stem the all-too-rapid advance of communism there, Mr. Luckman said: "The arsenal of democracy must now become the granary of the world, or we shall bury our hopes for peace with those who died to preserve it." So the question of more food production on this continent becomes a question of importance not to the producers only, but to every Canadian citizen who is concerned with the survival of democracy. Unfortunately, at least in my province—and today I speak only of Ontario, for I am more familiar with conditions here—there is a growing tendency to produce less food instead of more. It is easy to say that we must have more food; it is not so easy to answer the question of how greater production is to be assured.

It is certain that if we are to have more food produced in this province the producers must be assured of two things. First, they must have a reasonably stable market. In that connection I would refer honourable senators to what took place at the annual meeting of the Fruit and Vegetable Growers Association of Ontario, held in western Ontario last week. The members of that association were advised by their leaders not to indulge in over-production, and to be very careful in their planning for the next year until they knew what was to be the government's policy on the importation of fruits and vegetables from the United States.

The second requisite to greater production is adequate remuneration to the producers for their products. To achieve that end something would have to be done to bring about a better understanding in this country between the producers of food and the consumers. The average city dweller today knows little or nothing about the cost of producing articles of food, and perhaps cares less. What he or she is particularly concerned with is the buying of food at the lowest possible price, which is quite natural.

Very often while attending women's organizations and clubs I have heard this statement made: "I cannot afford to buy sufficient quantities of eggs or milk for my family because the prices are too high." Remarks to that effect are made repeatedly. But does anyone ever hear this question asked: "Can the producers afford to take any less for the food which they are producing? It seems to me that those two observations must go together, because it is a foolish economy which would base the price of foodstuffs on any foundation other than the cost of production.

As I see conditions today, the chief difficulty with respect to the feeling about high prices arises from the fact that all through the

years the Canadian people have been accustomed to cheap food. That has been true throughout the entire history of the country, except for the war years. During the recent war subsidies relieved the situation to a great extent, but when they were lifted food prices found their natural level, and the trouble began.

The cheap food that Canadians have enjoyed through the years was made possible largely because the farmer had never heard of an eight-hour day. He worked from twelve to sixteen hours a day, according to the season, to produce cheap food for the city dweller. And not only did the farmer work, but his wife worked as well, and the children helped too from the time they were able to do anything at all. Further, one or two grown sons very often did their part. Perhaps half a dozen people were combining their efforts to produce cheap food, but there was only one income in the home. The war put an end to that condition, and now the picture has changed completely.

Honourable senators are more or less familiar with conditions in the country today, but perhaps, to bring the facts home more clearly, I may give an illustration. Like the honourable senator from Winnipeg (Hon. Mr. Haig) I use my own city as an example, because I know more about it than any other place. Peterborough, for its population, is one of the most highly industrialized towns in the dominion. It is surrounded on four sides by a very fine agricultural district. If you drive through that district today you will find that the farms have been drained of their young men, who, under conditions of ordinary industrial activity in the country, would be helping to produce food. But they are not there; they are in the factories in Peterborough, and there they are going to stay unless unemployment in the city drives them back to the farms. I have talked to some of these young men, and I have put the question to them in this way: "Now there are fairly good prices for farm products; there is a terrific shortage of food in the world; why do you not go back to the farms to help in the production of this food which is so badly needed?" The replies I have received are something like this: "Do you think I'm crazy? Why should I give up a good job in which I have to work only eight hours a day, to go back to the farm and work twelve hours a day, and get less money for it? Nothing doing!" That is the picture as we have it today. So when we are calling for a greater production of food in this country we must bear in mind that—in this province at any rate—we are asking the older men, the men of middle age and above middle age, many of whom are weary from the effects of long hard years of work during the war, to do more than has been done in order to produce more food.

In my opinion there is only one way by which greater food production can be attained, and that is by making sure that the producer receives sufficient remuneration to enable him to purchase the most modern labour-saving machinery available and to pay his workers—if he is fortunate enough to get help—wages comparable to those paid in industry. Otherwise the workers will go back to the "bright lights"; they will not stay on the farms. So the two conditions to which I have referred will have to be met if we are even to maintain the present volume of production, let alone increase it. If the producer is not given sufficient remuneration, lessened production will result; we shall have scarcity in our midst, and we shall not be able to provide that weapon of food which Shapiro says is necessary if we are to stem the tide of communistic advance in Europe.

That is one side of the picture. I freely admit that there is another side, represented by the terrific struggle which people in the low-income brackets in our towns and cities today are having to eke out anything better than a bare existence. I find that, because of the struggle they are having, and because of the high prices they have to pay for food, there is growing up among them a resentment against the producer. They feel that the producer is taking advantage of the situation to charge exorbitant prices. That feeling can only be overcome by furnishing the public with more information. I believe that in every province information on the average cost to the producers of basic and necessary foods, and the prices which the producers receive for these foodstuffs, should be made available to the consumer, so that he may judge for himself whether the producer is receiving an exorbitant profit on his costs of production.

I was interested in a speech which was made in Orillia in December by Honourable T. L. Kennedy, Ontario's Minister of Agriculture. He put on record some figures showing the prices which consumers in Ontario were paying for certain products and the proportion of those prices received by the producers. I may say that canned vegetables were at that time selling at pretty high prices in this country, perhaps higher than today, and therefore there may be slight differences. At that time canned tomatoes sold at from 25 to 27 cents a tin, and the producer received 3¼ cents for the tomatoes that went into the tin; peas of the best quality sold at from 22 to 25 cents, and the producer received 2½ cents. For peaches, which

sold at from 25 to 30 cents a tin, the producer received 5½ cents, and for pears, which sold at from 30 to 35 cents a tin, he received 4½ cents. I think those figures are positive proof that the producers of this country have not been getting exorbitant prices. I suppose it would be rather difficult to estimate the exact cost of production in this country of basic foodstuffs, such as dairy products, milk and meat; but I do not see why each province could not work out an approximate average and pass on the information to the consumers, so that they would know how much more than actual cost they were paying for their goods.

However, that still does not give us any solution of the problem of how the tens of thousands of people in this country who are in the low-income brackets can be helped. Many of these people are elderly. They retired a few years ago on an income which they considered at that time to be sufficient to keep them in comfort, though not in luxury. Today they are having a terrible time trying to even exist, and they have few of the comforts of life. They are the people who should receive first consideration at the hands of the government today.

How can they be helped? The government today have a huge surplus. I would say that they have almost an embarrassment of riches. During this fiscal year they will collect from the taxpayers approximately three-quarters of a billion dollars more than they need to run the country. By the way, with all the talk there has been in the other house about profiteering and setting up a court of inquiry, and all the stern warnings that have been issued to people not to try to take all that the traffic will bear, I should think the Minister of Finance would be getting uneasy.

Some Hon. SENATORS: Oh, oh.

Hon. Mrs. FALLIS: In these days of increased costs, it seems to me that the only possible justification a government can have for taking from the taxpayers three-quarters of a billion dollars more than are needed, is that it is the intention to return a substantial amount of that money in the form of reduced taxes. Though all of us would welcome an income tax cut right across the board, the people who are suffering most would not benefit by it. They do not earn sufficient money, or their income is not great enough, to bring them within the income tax brackets. They can only be helped by the removal of taxes which affect everyone, such, for instance, as the 8 per cent sales tax and other taxes of a similar nature. The removal of the 8 per cent sales tax would help the people in the very lowest income bracket. I have had people say to me: "Oh, that would only amount to a few dollars here and there". Honourable senators, I know a lot of people today to whom $5 is a lot of money. The sales tax is affecting everyone, and the removal of it would bring some alleviation to those whose need is greatest.

If any proof were needed that it is high time that there was a woman in the Government of Canada, I think we have it in the imposition of the 25 per cent excise tax on electrical appliances. When a group of men in this age of the world can solemnly declare electrical appliances to be non-essential and clamp on a 25 per cent excise tax, I think it is time something was done about it. We in this country have become more or less accustomed to all kinds of taxes, and while we do not like them we put up with them as necessary evils. I think I have read everything the Minister of Finance has said in explanation of this tax on electrical appliances, and I still say it is the most absolutely indefensible tax that has ever been placed on any article in Canada. I do not say this because it affects me—it does not affect anyone here very much—but because it affects one class of people in this country whom we should be trying to help, namely, the young people who are getting married and trying to establish homes. They are hit hard. Dear knows! they have trouble enough. They look for an apartment, and they look for a long time; then if they are finally lucky enough to get one they go out to buy equipment and they find a 25 per cent tax on everything electrical except stoves, and there would have been a tax on them if it had not been for the general outcry from one end of the country to the other. These young people are told that electrical appliances are non-essential goods. Is it any wonder that they come to us and say, "Non-essential! How can you keep house today without electrical appliances?" I hope the Minister of Finance will see his way clear to have this completely unjust tax removed; and if there is anyone in this chamber who should support me in this stand it is the member from Vancouver who has just been appointed to the Senate (Right Hon. Mr. Mackenzie).

Some Hon. SENATORS: Hear, hear.

Hon. Mrs. FALLIS: In closing, I most respectfully make an urgent plea to the government to do something to alleviate the distress of the lower-income people in this country by removing not only this tax but those other taxes which most affect their living.

Some Hon. SENATORS: Hear, hear.

Hon. A. K. HUGESSEN: Honourable senators, I think my first words should be directed to congratulating the mover and seconder of the Address in reply to the Speech from the Throne, which we are now discussing. I feel that the only thing I need say on that point is that the information contained in their speeches and the eloquence with which they were delivered were only what we had been led to expect.

In the second place, I cannot abstain from adding my few words of welcome to the right honourable gentleman who appeared before us this week as our newest member and a blushing neophyte. I can tell him that we have admired his career in another place, and the prominent position that he has taken in the administration of a number of the most important departments of the government. That is all over now, though, and all we can do is welcome him as the "junior junior senator from Vancouver." I do hope that if he applies himself in his new position he will, in course of time, attain to a knowledge of parliamentary procedure that will permit him to take an active part in our deliberations.

Another thing I want to do is to congratulate most heartily the honourable gentleman from Ottawa (Hon. Mr. Lambert) and the honourable gentleman from L'Acadie (Hon. Mr. Léger) on the most interesting and informative speeches which they made to us on their activities as members of the Canadian parliamentary delegation to Lake Success. I think every other member of this house will join with me in saying to these honourable gentlemen that we are proud of their achievements, and that we congratulate them on the work they did as representatives of this chamber in that most important assembly. I was particularly interested in the excellent reports which they gave to us on the present international situation as reflected in the proceedings of the United Nations Assembly, because the international position is the subject on which I wish to offer a few remarks this afternoon.

What is the present international position? As Wendell Wilkie said, "We are living in one world." But we have to admit that that world is divided into two great groups: the western democracies, on the one hand, and Soviet Russia and her satellites, on the other. I do not propose to discuss the chain of events which has brought about this present deplorable state of affairs less than three years after the unity and mutual confidence which prevailed during the period of the war. I have my own firmly-held opinion as to the responsibility for the present condition; but that, after all, is water over the dam, and perhaps there is not much use in discussing it now.

I do wish, however, to discuss a question that is in all our minds. What are the basic factors which underlie the relations between Russia and the western democracies today, and how may we expect those relations to develop in the future? We have to admit, I think, that two facts stare us in the face. First, Russia refuses to co-operate with the democracies; and, second, Russia is doing her utmost to prevent the recovery of western Europe and to wreck the Marshall plan. These two facts are undisputed. I will waste no time in denouncing the Soviet government for its attitude. Denunciation, to my mind, serves no useful purpose. Still less do I propose to indulge in heated recrimination or invective along lines with which we have become so familiar in recent months through the utterances of Mr. Molotov and Mr. Vishinsky. After all, honourable senators, we in this free parliament are in a different position from Mr. Molotov and Mr. Vishinsky. We are not under orders from our Department of External Affairs to launch propaganda attacks against the Soviet Union. None of us has been told by that department what material we must use in making those attacks, however wide of the truth such material may be. Indeed, in our country, as in all democratic countries, men in public life are at a distinct disadvantage compared to Mr. Molotov and Mr. Vishinsky. We are held personally accountable for statements which we make in public. If we say something that is clearly misleading or patently untrue we shall be held up to public ridicule and attacked in the press, and our influence will be gone; and if we hold elective office we shall probably be defeated at the next election. Not so Mr. Molotov and Mr. Vishinsky; they are in a far happier case. They take no personal responsibility for their statements or misstatements, however extravagant. They are acting under orders, and so long as they follow whatever the party line may at the moment happen to be, all is well, no matter how far they deviate from the truth. In fact, the more violent and more misleading their speeches, the more likely are they to be lauded to the skies in *Pravda* or *Investia* as additional hammer-blows at the enemies of the so-called communist democracy.

May I give a couple of examples of what I mean? In its wisdom the Soviet Embassy at Washington sends to me every now and again, as no doubt it does to some other honourable senators, material which is usually of a propaganda nature. The other day I received from there a little pamphlet headed, "Text of address by V. M. Molotov on the 30th anniversary of the great October socialist

revolution, at a special session of the Moscow Soviet, November 6, 1947." It contains a textual report of an extremely lengthy speech by Mr. Molotov, which every now and again is punctuated with words in parentheses, such as "Applause" and "Loud applause". I want to direct attention to just two of the statements made by Mr. Molotov, as reported in this pamphlet. Dealing with the origins of the recent war, he said:

> What did the imperialists of the West and the East not do to frustrate peaceful constructive labour in our country? Things were carried so far that Britain and France united with fascist Italy and concluded the shameful Munich agreement with Hitler Germany, in order to spur on the German fascists to attack the Soviet Union more speedily.

Let us consider that statement for a moment or two. This is the first time that I, or I think anyone else who has read the history of those days, has ever been told that Britain and France went to Munich for the purpose of impeding the development of Russia and encouraging Hitler to attack the Soviet. One thing that Mr. Molotov does not mention—in fact, which he is very careful not to mention—is the real reason the war began, namely, the extraordinary change in policy by Soviet Russia in August 1939, when it concluded an agreement of friendship with Germany, thus permitting Germany to attack Poland without fear of consequences, an agreement to which Mr. Molotov himself was a party on behalf of the Soviet government.

Let me give one other short example. Mr. Molotov then proceeds to discuss the atomic bomb. Honourable senators know the history of that. We all know that the United States, the possessor of the secret of the atomic bomb, made an unprecedentedly generous offer to disclose that secret to every nation of the world, provided only that international machinery was set up to control its use so as to prevent abuse by any country. And we all know also that Soviet Russia has consistently refused to accept that offer, on the ground that international inspection would be an infringement of her sovereignty. Those are the facts. Now let us hear what Mr. Molotov has to say. Here are his words:

> Many are outraged by the fact that the United States and Great Britain are preventing the United Nations from adopting a final decision banning atomic weapons . . . It should be realized that refusal to ban the atomic weapon covers the imperialists with shame and sets all honest people, all nations, against them.

Those are Mr. Molotov's allegations on the present state of the controversy in connection with the atomic bomb. I say without fear of contradiction that they represent the most preposterous perversion there could possibly be.

I have no desire to compete with Mr. Molotov in his peculiar attitude towards events; but what is interesting, and what does concern us today is the reason that lies behind his attitude and that of his government. What is it that makes the Soviet government refuse to co-operate with the democracies? What is it that moves the Soviet to prevent the recovery of western Europe? There have been a number of partial explanations of those two questions. The first is that the Russians are naturally a suspicious and secretive people, and that their government is also suspicious and secretive. That, I think, is probably true, and no doubt that characteristic has been intensified by the indubitable fact that in the period between the two great wars the Soviet government was treated as a pariah and an outcast by the governments of the other countries of the world. Certainly the attitude of the Russian representatives at international conferences often seems to be one of deep-rooted and even perverse suspicion of the motives of other countries. I am quite certain that honourable senators who have attended international conferences during the past two years will bear out what I say in that regard.

This attitude of secretiveness and suspicion on the part of the Russians is probably intensified by the fact that the members of the governing body of the Soviet hierarchy which rules Russia—that closely knit group of about twenty men in the Kremlin known as the Politbureau—are for the most part profoundly ignorant of any other country than their own. I believe it is common knowledge that except for the one occasion on which Mr. Stalin went to Teheran for the conference with Mr. Roosevelt and Mr. Churchill, he has made no visits outside his own country.

A further reason advanced for the present attitude of the Soviet is its jealousy of the material wealth of the West, and a sense of inferiority. That inferiority complex, I admit, is sometimes much in evidence, and added to the secretiveness, which I mentioned a moment ago, is no doubt responsible for the "iron curtain", that almost impenetrable veil which the Soviet has placed between its own people and the people of the western world.

From Russia's point of view there are two excellent reasons for the "iron curtain". First, she is still terribly poor and desperately ravaged by war. She has no desire to let the people of the West see for themselves the drab monotony in which the vast masses of Russian people eke out their miserable lives. If France, Italy and Great Britain are exhausted and impoverished by the war, as we know they are, how much more must European

Russia be exhausted and impoverished after the deliberate destruction carried out by the armies of Hitler, with that meticulous thoroughness of which only the German mind appears to be capable.

The second reason for the existence of the "iron curtain" is apparent. The Soviets do not dare to allow their own people to travel to the West, where they may not only see the better material conditions that exist, but where they may also imbibe dangerous ideas of political freedom. From their point of view there have already been too many Kravchenkos and Gouzenkos among the officials whom they have sent abroad. If they cannot prevent their own trained and indoctrinated government officials from deserting when they come into contact with political liberty, they would be foolish to expose their ordinary citizens to the same temptations. It does seem, therefore, that envy of the West and the sense of inferiority have probably had some share in producing the present situation.

A further explanation put forward for the present condition is the feeling of insecurity on the part of Russia in a military sense, resulting from the fact that twice within the present generation she has been invaded from the west and terribly devastated. Since the end of the war that reason has been advanced as an explanation of Soviet policy towards the neighbouring countries of eastern Europe. The argument that Russia must feel secure on her western frontiers has been used to explain the satellite governments which have been set up by force or by fraud, and sometimes by a judicious mixture of both, in Poland, Hungary, Roumania, Bulgaria and Yugoslavia, and in the attempt to force Greece and Turkey into the same fate.

There is no doubt in my mind that there was a good deal of truth in that explanation. It was an explanation which one could have believed two years ago, and one in which I, personally, still put some confidence in March, 1946, when I spoke on the subject in this chamber, though even then there were some aspects of the developing Soviet policy which gave rise to the suspicion that its goal was far more all-embracing than the mere desire to secure the western frontiers.

Today the explanation no longer holds good. Surely Russia's western frontiers are now secure. If frontier security were the only aim, why were attempts made to foment revolution in France and Italy, and why was the Cominform set up three months ago to flood the world with communist propaganda? If frontier security were the only aim, why these savage attacks upon British and American so-called "imperialism", and why the frenzied attempts to defeat the Marshall plan which, as honourable senators will recall, was offered to all the countries of Europe, including Russia herself? The answer is clear, I think. No, the explanation of frontier security is no longer valid; nor are the other explanations—secretiveness and suspicion, or jealousy and an inferiority complex—by themselves valid.

The mainspring of Soviet policy today must be looked for elsewhere. What is that mainspring? The Politbureau has gone back to the doctrines of Karl Marx. I say "gone back", but perhaps that is not quite the expression that I ought to use. The rulers of Russia have always openly declared adherence to the doctrines of Marx, but at times they have deviated, or appeared to deviate from the logical results which a strict adherence to that doctrine would imply. What is the basic doctrine of Karl Marx as enunciated in the year 1848, exactly one hundred years ago—"the gospel according to St. Marx", as some have been tempted to call it? It is the doctrine of the social revolution, of the violent seizure of power by the downtrodden masses in every country. According to Marx, capitalism is doomed, and a dictatorship of the proletariat is inevitable.

Now, if this little group in the Kremlin really believe that, and there is no doubt of their good faith when they so declare, you will immediately get a decisive answer to the two questions which I asked a few minutes ago.

The first question was: Why does Russia refuse to co-operate with the western democracies? Well, in the light of the doctrine according to Marx, why should she co-operate? Why should you trouble yourself about governments which are inevitably doomed, and which will be replaced in due course by dictatorships of the proletariat made in your own image? It is true, of course, that our collapse is being most unreasonably delayed. To the true Marxist this delay is highly annoying, and sometimes it causes him to lose his temper. That is, perhaps, one reason for the ill-natured exasperation which is so typical of Soviet propaganda today. As Mr. Harold Nicolson observes in a recent issue of the London *Spectator*:

> To this doctrine of the inevitable must be added their blind, self-pitying, boastful, cantankerous and frustrated fury at our obstinate refusal to collapse.

The second question was: Why is Russia doing her utmost to prevent the recovery of western Europe and to wreck the Marshall plan? Here again the answer is clear to the Marxist mind. To try to bolster up systems

of government which are fated to inevitable collapse is mere folly. On the contrary, the proper course to follow is to help that collapse and to do all you can to bring it about; and the Marshall plan is merely a desperate attempt by the largest and most reactionary of the capitalist countries to do that very futile bolstering up and to delay the inevitable for a few years longer. It is far better, according to the Marxists, for the people of western Europe to endure misery and hunger today, for the Marxian paradise is at hand.

Along this line of thought the basis of Soviet policy and the reasons for Soviet action today become perfectly clear to us. We may not like what we see; but that we should see it is vital, because it is only when we see it clearly that we can decide upon the proper course of action which we ourselves should follow.

It would be interesting to speculate a little on this doctrine of Karl Marx. One might ask oneself the question: Is the world bound to follow the course laid down for it by this German-Jewish economist a hundred years ago? Generally speaking, anyone who undertakes to prophesy about the future course of events or the probable actions of mankind is pretty strictly limited in his outlook by the conditions that surround him in his own day and age. Certainly we would not expect any other man who wrote a hundred years ago, be he prophet, priest or philosopher, to have the remotest conception of what the world is like today. I suggest that the same holds true of Karl Marx. Consider for a moment what was the condition of the capitalistic system when he wrote in 1848. It was the very worst period of the industrial revolution. In England, where he wrote, children of six and seven years of age worked in the mines and in the cotton mills for from twelve to fourteen hours a day; membership in a trade union was against the law, and punishable by fine and imprisonment as being a conspiracy in restraint of trade. It may well have seemed to Marx that conditions such as those would lead inevitably to violent revolution. They have indeed led to revolution, but not of the kind that Marx foresaw. It has been a revolution that has gone on by slow and ordered progress and reform from that day to this; it has transformed the face of industrial life beyond all recognition; and in place of the forcible seizure of industry by the masses, which he predicted, we have seen, and we are still seeing, the gradual transfer from private hands to the people themselves, through their governments, of ownership of a steadily-increasing sector of the national economy. Are we not justified in reaching the conclusion that Marx is just as unsound a guide to the future of the world of today as any other writer of a hundred years ago?

There is one other feature of the doctrines of Marx on which I shall digress for a moment. The leading principle upon which he proceeds is the materialistic conception of history, the dialectical materialism of which we hear so much from our Soviet friends. According to this theory it is the material basis of life—the way in which at any given time, in any given society, material wealth is produced and distributed—which alone determines the social ideas and the social institutions of that society. Now, I do not pretend to be a philosopher, but surely it does not take a philosopher to see that any theory about the destiny of mankind which bases itself solely and wholly on material things does not tell the whole story. It may be true as far as it goes, but in so far as it fails to take into account the spirit and the soul of man it is incomplete, and as an all-embracing philosophy of life it is therefore false. There are many fields of human thought and human endeavour—some of them the highest and noblest to which our imperfect nature can attain—which have nothing whatever to do with material things. The dialectical materialism of Marx tries to reduce us all to the low level of material self-interest. That may well be the governing motive of his Soviet disciples of today, but it is not the whole destiny of man.

One might speculate much further along these lines, but this is not the time nor the place to do so. What we have to face today is not a theory but a fact, the fact that the rulers of a great and powerful nation believe in these doctrines and are bent upon putting them into practice; and so long as the leaders of Soviet Russia believe in these doctrines and follow these practices, we of the western democracies are in for a difficult and a dangerous time; for, when all is said and done, these doctrines are a challenge to us, to our way of life and to the things in which we believe. One inevitable result of that challenge is the development that we see taking place today, the drawing together and the cementing of relations between the countries of western Europe which feel themselves threatened by that challenge, and between those countries and the North American continent. It is rather ironical to reflect that the Soviet Union, by its own actions, is infallibly bringing about that which it professes most to fear—a union of the nations of western Europe. If you will cast your minds back to the speech which Mr. Winston Churchill made just two years ago at Fulton, Missouri,

you will remember the plea he made for joint action by all the democratic states, and you will see that the predictions of that great statesman are coming true today.

I have said that we are in for a difficult and dangerous time. That, it is idle to deny. One possible line of policy that we might have adopted—the line of appeasement—is, I think, definitely out. There are few on this continent who believe in that policy now. Except for the negligible minority of communists and fellow-travellers, the only people who believe in that policy on this continent today are men like Mr. Henry Wallace, of whom it may be said that the softness of their hearts is only equalled by a similar softness in their heads.

The danger, as I see it, may come to a head if the leaders of the Soviet, in pursuit of their Marxian theories, should go too far in trying to subject to the domination of communist minorities countries which are not now under their control. It is evident that the peoples of Europe, left to themselves, reject communism by large and, in many cases, overwhelming majorities. That has been demonstrated in every country which has held a free election in the last two years. But that does not deter the Marxian theorist. In the sense in which he uses the term "democracy"—and he probably so uses it in perfectly good faith—it means government for the people and not, as with us, government by the people. A communist minority to which the truths of Marxism have been revealed is perfectly entitled to seize power by force, if it can, in the true interest of the people themselves, even if most of them have failed to see the light.

That is a dangerous doctrine, and it is particularly dangerous today in that unfortunate country Greece. You will remember the solemn words of warning which only last week Mr. Ernest Bevin addressed to the Soviet leaders on the subject of Greece. There is, perhaps, one word that could be added by Canada to that warning. Some British troops and some American officers are now in Greece. If, under Article 51 of the United Nations charter, Greece should call for more help to protect that unhappy land from domination by her communist minority, aided and abetted on her northern frontier by the satellites of Russia, I believe that public opinion in this country would expect Canada to do her part in supplying that help. Perhaps the Soviet leaders believe that if they apply sufficient pressure the West will abandon Greece to her fate. Perhaps they are thinking of the Munich pact of a little less than ten years ago, when Britain and France surrendered Czechoslovakia to Hitler in a vain gesture of appeasement. Perhaps they are speculating how far we can be pushed around today. If so, we must make it perfectly clear to the Soviet leaders that there will be no more Munichs.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: There is one direction from which I would not be disposed to expect danger—the possibility of aggressive military action by the Soviet itself.

There are two reasons for this belief. The first is the material and physical exhaustion of Russia. We know the exhausted state of England and France, and we know how completely inconceivable it would be for either of those countries to start a major war today, even if they wanted to. But their condition, which we know, must be as nothing compared to that of Russia, about which we know little. Remember that European Russia was subjected to prolonged and systematic destruction for more than three years. I have heard reliable estimates to the effect that one-third of her entire fixed capital—houses, farms, railways and such things—was destroyed, and that from 7 to 12 millions of her inhabitants were killed. The Soviet leaders boast about their five-year plan of reconstruction—and we wish them all success; but I venture to predict that they will take, not five years, but a generation, to replace what has been destroyed. Can you imagine a country like that engaging deliberately in an aggressive war?

The second reason is of an entirely different order, but to my mind it is also pretty conclusive. It stems from the Marxian theories in which the Soviet leaders believe. According to Marx, as I have said, the collapse of capitalism is inevitable, and sooner or later, in every country in the world, capitalism will be violently displaced by the dictatorship of the proletariat. Now if that be so, why should Russia trouble herself to attack any other nation? Her ultimate triumph is inevitable; she has nothing to do but to wait; and some day she will find herself leading humanity in a world dedicated to the worship of Karl Marx. Of course, this doctrine of their inevitable ultimate triumph does not preclude the Soviet leaders from doing all they can to help bring about the Marxian paradise. As we have seen in the last few months, they have tried to foment general strikes in France and Italy, and they have set up their new international propaganda organ, the Cominform. From their point of view these are all perfectly logical attempts to help along the collapse of capitalism. Probably there will be other attempts of the same kind in the next few years, but none of them will amount to international war.

No, I agree with the honourable senator from Ottawa (Hon. Mr. Lambert) that the conflict between East and West in which we are engaged today is one not of arms but of ideas. The battle will be not to capture the bodies of men but the minds and souls of men. That is the conflict in which we are now engaged, the "cold war" so-called. How long that war will go on no man can tell. A great deal will depend upon the success of the Marshall plan. If, despite all that Russia and her satellites may do, western Europe can be rehabilitated and put on her feet again, it is quite conceivable that the Soviet leaders will decide that for the time-being at least their attempt is hopeless, and that the time for world revolution is not yet.

There have been instances in the past in which Soviet policy has changed with almost lightning rapidity to meet changing conditions. Witness the astounding reversal of attitude towards Hitler's Germany in August 1939. It may well be that if Russia is convinced that her present policy is a failure she will retire into isolation. In that connection I should like to read a quotation from a book recently published, and which I am certain a number of honourable senators have read. It is entitled *Speaking Frankly*, and is written by Mr. James F. Byrnes, who until a little over a year ago was Secretary of State of the United States. In this book he describes his career as Secretary of State, and the extraordinary difficulties he had in reaching agreements with the Soviet leaders in the various international conferences of the period. Mr. Byrnes gives a quotation, and you may like to know from whence it comes. It happens to be a quotation from the writings of Kary Marx himself. Writing in 1853 about the Czarist Russia of that day and the demands that it was making upon Turkey, Karl Marx said this:

> It would have been impossible for Russia to make more extensive demands upon Turkey after a series of signal victories. If the other powers hold firm, Russia is sure to retire in a very decent manner.

May I repeat that last sentence:

> If the other powers hold firm, Russia is sure to retire in a very decent manner.

To my mind that sentence points the way to the policy which the western powers must follow today. We must hold firm. Whether it be in Greece, in Turkey, in Iran, in Italy or in France, we must make it quite clear to the Soviets that any attempt by the communist minorities in those countries to seize power by forcible means will be stopped, and that, if necessary, we will help to do the stopping.

There is, however, another thing which I think is almost equally important. We must keep open with the Soviets every avenue of reconciliation that exists today, no matter how hopeless that task may sometimes appear. We should constantly repeat what is, after all, the truth: that we have no aggressive designs against Russia, that we wish her people well, and that we are not concerned with the form of internal government which she chooses to adopt. Perhaps, in the long run, this truth will be believed. Oh, I fully agree that to try to keep open a door for reconciliation with your neighbour is sometimes a thankless task, when that neighbour persists in marching about outside, hurling insults and abuse through the door. But it is worth doing, nevertheless.

And here again I find myself in full agreement with the honourable senators from Ottawa and L'Acadie (Hon. Mr. Lambert and Hon. Mr. Léger). The United Nations Organization is the door. It is through the United Nations Assembly that we come into contact with Russia and her satellites. That door must be kept open at all costs. I admit that our hopes in the United Nations Organization have in some ways been bitterly disappointed. I admit that Russia has abused the assembly and has prostituted it as a vehicle for her own propaganda. But I say the mere fact that there is such a meeting-place for the nations, however bitterly they may disagree there, has in itself a great psychological value. The United Nations Organization is a door which must be kept open—or, if you prefer it, a bridge which must be kept in repair. We can only hope and pray that some day Russia will walk back across that bridge, or through that door, and resume her co-operation with the other nations of the world.

Hon. A. L. BEAUBIEN moved the adjournment of the debate.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. VIEN presented Bill M, an Act respecting the Trust and Loan Company of Canada.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. VIEN: Tuesday next.

PRIVATE BILL

SECOND READING

Hon. G. P. CAMPBELL moved the second reading of Bill E, an Act respecting the Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company.

He said: Honourable senators, this is a simple bill, consisting of one section. Its purpose is to validate a certain agreement entered into in 1926 between the Toronto, Hamilton and Buffalo Railway Company and the Canadian National Railway Company.

In order to explain the proposed legislation, I should like to refer for a moment to the history of this agreement. For many years prior to the date of the agreement a number of residents and companies in the vicinity of Port Colborne had been requesting the Toronto, Hamilton and Buffalo Railway Company to build a line of railway from Welland to Port Colborne, to give them a duplicate service. At that time the Grand Trunk Railway was the only railway serving that community. Representations made over a number of years culminated in a resolution passed by the municipal council of the town of Port Colborne, in 1923, to this effect:

That this council, realizing the necessity for better railway facilities, especially in connection with the moving of freight to and from the industries located in our town, and in view of future developments, do hereby unanimously approve of and will do everything possible to assist in the securing of permission for the building of a competitive railroad into Port Colborne; and that a copy of this resolution be sent to the proper railway officials.

The Toronto, Hamilton and Buffalo Railway had some negotiations with the Canadian National Railway with a view to obtaining running rights over the Canadian National line into Port Colborne, but no arrangement was concluded. The Toronto, Hamilton and Buffalo Railway then applied for a federal bill, which was not passed, so it obtained a provincial charter enabling it to build the desired railway line. Thereupon the Canadian National Railway invited it to reopen negotiations, and after some time the companies settled upon the terms of a workable agreement, which is known as a joint section agreement.

Hon. A. L. BEAUBIEN: What year was that?

Hon. Mr. CAMPBELL: 1926. As a result of the agreement entered into at that time, the Toronto, Hamilton and Buffalo Railway allowed its charter to lapse and depended entirely upon its running rights over the joint section. The agreement, which is reproduced as a schedule to the bill, was for a period of twenty-one years. Clause 37 of the agreement, on page 18 of the bill, says:

This agreement shall, subject to the sooner termination thereof as herein provided, continue in force for a period of twenty-one (21) years from the date when the user shall commence to use any part of the joint section. The user shall be entitled to a renewal of the said agreement for another period of twenty-one (21) years from the expiration hereof upon giving to the owner six (6) months' notice in writing previous to the termination hereof of its desire to have such renewal.

Operations commenced, I believe, on January 13, 1927, and the agreement expired in January of this year. Prior to the expiration of the twenty-one-year term the six-months notice required by the agreement was given. So far as complying with the conditions of the agreement is concerned, everything is in order.

There is in the Railway Act a clause providing that an agreement shall not be entered into for a period exceeding twenty-one years. Power is given to the directors of the railway to enter into various forms of agreement, including a running agreement. Section 154 (2) of the Railway Act, as set out in the explanatory note to the bill, reads as follows:

The directors may also make and enter into any agreement or arrangements, not inconsistent with the provisions of this or the Special Act, for any term not exceeding twenty-one years.

On account of the provisions contained in the general legislation, it now becomes necessary for the two parties to this agreement to apply for a bill to validate the agreement and enable the renewal to be carried out.

Hon. Mr. MacLENNAN: May I ask my honourable friend if there was a bill passed covering the original agreement?

Hon. Mr. CAMPBELL: There was not. The first agreement was in accordance with the general provisions of the law, and was approved in February, 1927, by the then Board of Railway Commissioners. At the time the agreement was entered into it was realized that under the general law a specific bill would be required to enable the parties to renew the agreement.

The balance of clause 37 of the agreement reads:

The terms upon which the renewal shall be granted shall be the same as are herein contained except that there may upon the demand of either party be a revaluation of the Joint Section for the purpose of fixing the Capital Account, and, in case the parties cannot agree upon such revaluation, the same shall be fixed in the manner provided in Paragraph 35.

Although there was a specific covenant to renew for a further period of twenty-one years, the rental to be paid was not fixed, but was left to be determined at an amount to be agreed upon between the two parties when the renewal was granted, or, in the absence of agreement, upon a revaluation of the assets and calculated interest rate as provided in the agreement.

Clause 37 further reads:

In case it is considered necessary the owner will join the user in applying to parliament for legislation confirming and ratifying this agreement.

All the present bill proposes is that the agreement be specifically approved and, in effect, that the two railways be enabled to carry out the provisions already agreed to.

Hon. A. L. BEAUBIEN: Does my honourable friend mean the provisions of the old agreement or of the new agreement?

Hon. Mr. CAMPBELL: I mean that the bill provides for the carrying out of the provisions of this agreement as to renewal and determining the rental to be paid for running rights during the next twenty-one years. I should say to honourable senators that although the Canadian National Railways have joined in this petition, my understanding is that when the bill goes to committee, if it is considered necessary to refer it to a committee, they may withdraw their support.

Hon. Mr. LEGER: Has the Transport Board taken any action with reference to this application?

Hon. Mr. CAMPBELL: The Transport Board has, I understand, temporarily approved the continuance of the running rights until this proposed legislation is disposed of. The twenty-one year period expired on January 13, 1948. An application was made to the Transport Board so that the Toronto, Hamilton and Buffalo Railway would not be deprived of its running rights, and approval was given until its rights were determined by parliament.

I submit, honourable members, that this proposed legislation was contemplated by both parties. They entered into an agreement for a period of twenty-one years with the right of renewal for a further period of twenty-one years.

There is precedent for the passing of such legislation. The Parliament of Canada, in the face of the provisions of the Railway Act, has already granted to railways the right to enter into an agreement for a longer period than twenty-one years. I refer to chapter 58 of the Statutes of Canada, 1917, 7-8 George V, an Act respecting the Toronto, Hamilton and Buffalo Railway Company, section 1 of which reads as follows:

Subject to the provisions of section three hundred and sixty-four of the Railway Act, the Company may, for any of the purposes specified in the said section three hundred and sixty-four, enter into agreements or arrangements with the Michigan Central Railroad Company, the Canada Southern Railway Company, and the Grand Trunk Railway Company of Canada, or with any one or more of them, and any such agreements or arrangements may be for a term exceeding twenty-one years.

In view of that section I say that this legislation was contemplated by the parties, and it is necessary to get over the general law and to permit the continuance of joint operation over this railway line.

Concerning the necessity of the two lines operating over the one road, I may say that for some years prior to 1926 there was considerable demand for duplicate rail service in this area. It was not felt at that time that the Canadian National Railways were providing adequate service. Since the date of this agreement the district has grown and both lines have enjoyed good business. They are competing with each other, but neither has the advantage over the other except in the matter of the service they can supply. The Canadian National Railways can compete for business on the same basis as the Toronto, Hamilton and Buffalo Railway Company. I do not know that it is for parliament to consider the value of these services to one party or the other. The fact is that the two railways made an agreement. It appears to be an onerous agreement as far as the Toronto, Hamilton and Buffalo Company is concerned, but that company made its bargain. As far as the Canadian National Railways are concerned the arrangement appears to have turned out very well. It was based somewhat on the interest return on the capital invested by the Canadian National Railways and upon the interest rate on a certain bridge built by the Dominion Government over the Welland Canal.

I have been given some figures which I am told are approximately correct, showing the capital account as it now stands. The bridge, government-owned, described as No. 20, is shown at $471,437.65; all other facilities, namely the railway and the roadbed, $942,486.74: a total capital account as of the end of the year of $1,413,924.39. To the end of 1947 the Toronto, Hamilton and Buffalo Railway Company will have paid for running rights on that joint section a total of $1,398,952.98. In other words, it will have paid to the Canadian National Railways an amount equal to almost the entire capital.

Hon. A. L. BEAUBIEN: Can the honourable senator state the cost of maintenance?

Hon. Mr. CAMPBELL: I am about to deal with it. That total is made up in this way: interest on capital—that is the railway capital—$575,180; interest on Dominion Government bridge No. 20, Port Colborne, $267,410.45; proportion of maintenance and operating

expenses, $556,362.53. The proportion of maintenance and operating expense seems to have been settled on a fair basis. It provides in some cases for 50 per cent of the entire maintenance charge, and in other cases for what they call a wheelage rate, dependent on the traffic which goes over the road. The officials of the railway will be able to explain that in greater detail if necessary.

I submit, honourable senators, that it is not competent for this body or parliament itself to consider the value or the rental which should be charged in a matter of this kind. We have here a hard and fast agreement made between two railways in order to provide duplicate services at the request of the municipalities and the shippers in the district. The agreement provided for a covenant to renew for a period of twenty-one years; and both join in the petition.

Hon. Mr. LEGER: On that point, will the honourable senator permit me to ask whether these two companies have the power to make an agreement for a period of time beyond the original twenty-one years. The Railway Act, section 154, quoted in the explanatory notes, specifically states that such agreement shall not extend beyond twenty-one years. It seems that by the agreement which we are asked to ratify an agreement has been in existence for twenty-one years. In accordance with the section which I have cited, that should be the end; and it would seem that the provision for renewal is ultra vires and void, because it infringes the provisions of a public act.

Hon. Mr. FARRIS: Is not that what this bill is supposed to cure?

Hon. Mr. LEGER: Then you are amending a public act by a special act.

Hon. Mr. CAMPBELL: No.

Hon. Mr. LEGER: Yes. This is a private special act. You are seeking to amend a public act by a special act, which I believe is contrary to parliamentary practice.

Hon. Mr. CAMPBELL: I am sure that has been done on many occasions. No doubt the honourable senator has come across many cases where the question has arisen as to which governs, a public or general act, or a special act.

Hon. Mr. LEGER: There is no question about it, under the law governing interpretation of statutes.

Hon. Mr. CAMPBELL: There is no question that the specific act governs.

Hon. Mr. LEGER: No.

Hon. Mr. CAMPBELL: Yes.

Hon. Mr. LEGER: No. The honourable senator had better consult *Maxwell on the Interpretation of Statutes.*

Hon. Mr. CAMPBELL: Answering the point raised, I say that the agreement itself is not void by reason of the renewal clause.

Hon. Mr. LEGER: What I say is that the specific section which deals with renewal is void, because it is contrary to law. While the rest of the bill is not void, that particular section is.

Hon. Mr. CAMPBELL: The question arises whether or not legislation is necessary to enable the two railways to now carry out the provisions of this agreement. There is no doubt that when they entered into the agreement it was contemplated that they would join in a petition to parliament to enable them to carry it out.

Hon. Mr. LEGER: In any case, I suppose, the senator intends to send this bill to a committee?

Hon. Mr. CAMPBELL: I would be perfectly content to have it passed now.

Some Hon. SENATORS: Oh, oh.

Hon. A. L. BEAUBIEN: May I ask whether the Canadian National Railways refused to negotiate a new contract?

Hon. Mr. CAMPBELL: I cannot answer that.

Hon. A. L. BEAUBIEN: My information is that the C.N.R. is ready to negotiate a new agreement with the parties concerned. If it is willing to do so, why bring this legislation before parliament? Why not let the two parties concerned—

Hon. Mr. FARRIS: —fight it out.

Hon. A. L. BEAUBIEN: —fight it out before the Board of Transport Commissioners?

Hon. Mr. LEGER: Because of the twenty-one years provision.

Hon. Mr. CAMPBELL: That is a proper question to ask, but I was assuming that the Canadian National Railways are quite willing to negotiate a new contract. The fact is, I suppose, that they would be willing to renegotiate the contract, but on a much more onerous basis. They, no doubt, would feel that they were in a very strong position, because the Toronto, Hamilton and Buffalo Railway Company have lost the charter under which they were entitled to build the railway themselves.

Here is a contract made in perfect good faith between two corporations, one of which today is publicly-owned. The rental is not fixed for the subsequent period. If the parties cannot agree, it is to be determined by the Board of Railway Commissioners. If the bill is passed it will give the railways power to carry out the provisions of the agreement. That is all they are asking. Long-extended negotiations as to how many trains are permitted to run will not be necessary, because it is provided for under the agreement; but they will still have to negotiate the rental, and, failing to agree upon the rental, it will be necessary to have it fixed in the way provided for in the agreement.

Hon. A. L. BEAUBIEN: Could they not negotiate an agreement for twenty-one years without coming to parliament for ratification?

Hon. Mr. CAMPBELL: They might. But if it were interpreted as an agreement extending beyond the twenty-one year period—

Hon. A. L. BEAUBIEN: No, but they made the first agreement for twenty-one years. According to the Railway Act they have no power to make an agreement for more than twenty-one years. If the railway companies had agreed to renew the agreement which became void on January 13, 1948, would they have had to come to parliament for ratification?

Hon. Mr. CAMPBELL: Yes.

Hon. A. L. BEAUBIEN: That is not my information.

Hon. Mr. CAMPBELL: That is exactly the point here. This agreement specifically provides that:

> The user shall be entitled to a renewal of the said agreement for another period of twenty-one (21) years from the expiration hereof upon giving to the owner six (6) months' notice . . .

Hon. A. L. BEAUBIEN: Subject to parliamentary approval?

Hon. Mr. CAMPBELL: No. In order to eliminate any doubt about the matter both companies have joined in a petition to parliament for a bill enabling this agreement to be carried out.

Hon. A. L. BEAUBIEN: It is not that they could not agree?

Hon. Mr. CAMPBELL: No.

Hon. Mr. ASELTINE: Why not disregard the old agreement altogether and make a new one?

Hon. Mr. CAMPBELL: I cannot answer that question. But here is a case where two companies—one publicly owned—have asked parliament to grant the power necessary to carry out a provision that was contemplated when the original agreement was entered into. Surely that request should not be denied.

Hon. Mr. COPP: In reality an agreement for forty-two years was being made.

Hon. Mr. CAMPBELL: In effect that is right, I suppose.

Hon. Mr. LEGER: Yes, in violation of the Railway Act.

Hon. Mr. CAMPBELL: The Toronto, Hamilton and Buffalo Railway Company had the right to build a road, and were induced to abandon the undertaking upon the assurance that here was an agreement for two periods of twenty-one years. In order, however, that the term should not be fixed for the whole of that period, it was fixed for the first twenty-one years, with the right of renewal for a subsequent similar period, subject to revaluation of the capital involved.

Hon. Mr. DAVIES: Is the Toronto, Hamilton and Buffalo Railway an independent company or a subsidiary of the Canadian Pacific Company?

Hon. Mr. CAMPBELL: I think the Canadian Pacific Railway Company has an interest in the Toronto, Hamilton and Buffalo Railway, but the latter is a separate, incorporated company having its own rolling stock, operating staff and facilities, and this question involves running rights over approximately six and one-half miles between Welland and Port Colborne.

Hon. Mr. COPP: How many miles from one point to another?

Hon. Mr. CAMPBELL: Six and one-half miles. I can see from the questions asked by honourable senators that they are greatly interested in this measure, and that they probably would like to question railway officials about the ownership, the capital involved and so forth. I thought this was a simple piece of legislation, and I have explained it as well as I could. If the bill is given second reading, I would ask that it be referred to the Standing Committee on Transport and Communications.

Hon. ARTHUR ROEBUCK: Honourable senators, I am quite satisfied that we should give this bill second reading, but on the distinct understanding that it be referred to a committee where its details may be thoroughly examined. My friend, the honourable senator from Toronto (Hon. Mr. Campbell) seems to have entirely overlooked the significance of

the provision in Section 37, to which he referred. It says in part:

In case it is considered necessary, the owner will join the user in applying to Parliament for legislation confirming and ratifying this agreement.

That clause was in the agreement signed by the parties, and its implication is that this agreement shall not run for more than twenty-one years unless parliament in its wisdom considers that it would be fair to all parties concerned, particularly the public, to allow it to do so. Therefore I take issue with the honourable gentleman who has explained the measure when he says that it is not competent for parliament to examine into the rents and all other provisions of this agreement. The honourable senator says that in the last twenty-one years conditions have changed considerably in the area in question. That is of course true. If I were renting a house I would rather have the rent settled on the basis of conditions twenty-one years ago than those of the present day. There may be other matters besides rent. As I understand it, the owner has joined in this application because he agreed to join in the application; but he does not necessarily mean that he will not tell the truth about the agreement when he appears before the committee, or that he is not free to say just whatever he likes, so long as it is in good conscience, to the members of that committee and to this house.

As I have said, I am ready to see this bill given second reading, but only on the distinct understanding that it be sent to committee.

Hon. Mr. LAMBERT: May I ask the honourable senator if the citation he just made is not from the Railway Act?

Hon. Mr. ROEBUCK: No, that was from the agreement itself. The Railway Act provided that such an agreement could be valid for twenty-one years only, and an agreement for forty-two years would have been a nullity for the second twenty-one years. The excess period would have been a nullity at that time.

Honourable senators, is it not most significant that until the agreement was old enough to vote—twenty-one years old—neither party called upon the other to go to parliament with an application to ratify something which contains a clause contrary to the act of that time?

Hon. Mr. LAMBERT: Is there some reason for assuming that this legislation should not be here at all, and that the whole matter should be settled by the Railway Board of Canada?

Hon. Mr. ROEBUCK: I do not think so. On ratification by parliament the railway companies will have to have the arrangement approved by the Board. Nowadays, before running rights can be given by one railway company to another, the agreement must go before the Railway Board for approval. Notwithstanding the general act, I feel quite satisfied that parliament has the power to validate this agreement and to make it effective for another twenty-one years. However, I am also perfectly sure that parliament has the right to go into every detail and hear all parties concerned before it takes such action. I am glad that the honourable gentleman from Toronto (Hon. Mr. Campbell) is satisfied to have the bill go to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. CAMPBELL moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. G. P. CAMPBELL moved the second reading of Bill J, an Act to incorporate National General Insurance Company.

He said: Honourable senators, the object of this bill is to incorporate under federal statute an insurance company to be known as National General Insurance Company, and to authorize it to carry on business in all classes of insurance except life.

One section of the bill provides that the head office of the company shall be in the city of Winnipeg, and another empowers the company to acquire the National General Insurance Company Limited, incorporated in the year 1906 under the laws of the province of Manitoba. The incorporators are Mr. Henry Isaac Price and others who, I understand, have now acquired control of the provincial company, the charter of which it is intended to have cancelled. Section 3 of the bill provides that the capital stock of the company shall be $1,000,000, and the next section requires that the sum of $250,000 be subscribed before the company is authorized to commence business.

I understand that the bill has been approved by the Superintendent of Insurance, and if second reading is given, I shall move that it be referred to the Committee on Banking and Commerce.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. CAMPBELL moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

CONCURRENCE IN REPORT OF COMMITTEE

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill C, an Act respecting the Bell Telephone Company of Canada.

Hon. WISHART McL. ROBERTSON: Honourable senators, in the absence of the chairman of the Committee on Banking and Commerce (Hon. Mr. Beauregard), I will move that the committee's report be concurred in. I would point out, however, that if there is objection to any amendment I am not in a position to give an explanation.

Hon. JOHN T. HAIG: Honourable senators, I was present throughout the meeting of the Banking and Commerce Committee when this bill was under discussion. The bill as it has come back to us from the committee contains two important amendments. One deals with the transmission of shares by will or by letters of administration. The other, which was inserted by the committee without any request from the company, provides for splitting each of the shares of $100 par value into four shares of $25. That is to be completed not later than July 1, 1949.

I would add that the committee adopted these amendments unanimously.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill, as amended, be read the third time?

Hon. Mr. ROBERTSON: If there is no objection, I will move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until Tuesday, February 3, at 8 p.m.

THE SENATE

Tuesday, February 3, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. QUINN presented Bill N, an Act respecting the Eastern Trust Company.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. QUINN: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. BISHOP presented Bill O, an Act respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. BISHOP: Next sitting.

IMMIGRATION

MOTION

Hon. ARTHUR W. ROEBUCK moved:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and amendments) its operation and administration and the circumstances and conditions relating thereto including:—

(a) the desirability of admitting immigrants to Canada.

(b) the type of immigrant which should be preferred, including origin, training and other characteristics.

(c) the availability of such immigrants for admission.

(d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and

(e) the appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

He said: Honourable Senators, the resolution now before the house is in terms similar to that of last year, but the situation with regard to immigration has changed considerably, so that members of your committee of inquiry may now feel inclined to alter the scope and direction of their inquiry. The empowering clauses are, however, broad; they are familiar to honourable senators, and they are sufficient for the purposes in hand.

Circumstances are, as I have said, considerably different from last year and the year before. In previous years we have been crusading against the cruel and senseless policy of the closed door, and in favour of a better-populated, more powerful and, we hope, more prosperous Canada.

By its activities in this regard in the last two years the Senate has assumed a leadership in progressive opinion, and today the Senate's policy of selective immigration in numbers in keeping with Canada's economic conditions and absorptive capacity has met with almost universal acceptance, so that today our problems are largely administrative. The door has been opened, though not very widely. The pathway to our portals is most carefully guarded, and it is narrow and devious and beset with mud holes and boulders. There is still work to be done to improve our system, but also there is much room for congratulation and commendation.

In the first place, the Immigration Department has been considerably expanded both in Canada and abroad. The Ottawa office has been moved from the old tumble-down Normal School to the more modern and more commodious Woods Building, where an active and well-trained staff is giving a vastly improved and very satisfactory service. Inquiries into local situations as the result of applications for the admission of immigrants from abroad, and the certifying of what are called "settlement conditions," have been attended to with reasonable dispatch, particularly during the last year, and the department has actually approved several thousand more applications for admission to Canada than our shipping has been able to carry.

Complaints, of course, persist in regard to these delays and I think I can give good reasons for them. The fault, however, does not lie at the door of Mr. A. L. Jolliffe, our Director of Immigration and his exceedingly industrious staff; it is attributable to the lack of shipping, brought about by war sinkings.

The over-all figures of the arrival of immigrants in the past year are distinctly unsatisfactory, and did I not expect a very material improvement in the months to come I would protest, but I have reasons for believing there will be an improvement.

Statistics for the fiscal year ending March 31, 1947 show a grand total of only 66,990 immigrant arrivals as against 31,081 for the previous similar period. This would indicate an increase

of 116 per cent; but the figure of 31,081 immigrants arriving in this great Dominion of Canada in a twelve-month period under conditions such as we have had during the last year is so pitiably small that doubling it scarcely affects its inadequacy. Included among the 66,990 arrivals are 11,410 immigrants from the United States. This number, of course, is offset by the number, which is perhaps even greater, of those leaving Canada for the United States. The total immigration into Canada via ocean ports, including our entire immigration from Great Britain, is only 55,580 persons. In the previous year it was only 23,627 persons.

The figures for the first eleven months of the last calendar year are only slightly better. As I have said, the explanation given is the lack of shipping, due to war sinkings. There have been only three ships on the Atlantic Canadian route. These have been the *Empress of Scotland* and the *Aquitania* from the United Kingdom, and the *General Stuart* under the control of the International Refugee Committee, from the continent of Europe. The *Empress of Canada* is said to be joining the Atlantic Canadian force, and the *Heintzleman* has joined the International Refugee Organization service from the continent. And last Saturday the *Sturgis,* a ship new to this service, sailed from Bremerhaven, Germany, to Canada, with 859 displaced persons on board. In addition, the *Beaverbrae,* a former German ship that came to Canada by way of reparations, is expected to leave Halifax early this month to take part exclusively in the immigration service. These ships will bring to Canada this coming year a considerably larger number of immigrants than were landed here during the year just passed. This of course is a vast improvement, but it is still inadequate, and I hope it will be increased as the months roll by.

The Trade Minister, Right Honourable C. D. Howe, stated in a press release on January 28, that within a few months four flights per day would be in progress by Trans-Canada Air Lines, bringing displaced persons from Great Britain to Canada at the rate of 160 per day. That would be at a rate of approximately 50,000 per year, and would be very satisfactory so far as it goes. But I should like to know why the delay of a "few months". It has been stated by high officials of Trans-Canada Air Lines that we have now the planes to engage in this service. I trust that one of the department officials will give some satisfactory explanation of the dallying that has gone on in this matter of air passage for immigrants from England and the European continent to Canada. That is one of the things that I hope will be inquired into by the committee.

As honourable senators will well remember, the government passed an order in council providing for the admission to Canada of 20,000 displaced persons from displaced persons camps in Europe. I am pleased to be able to say that somewhere in the neighbourhood of 10,000—perhaps by now 10,500—displaced persons have arrived in this country since that order was passed, of whom 7,500 came in under the order I have mentioned, and 2,500 on the application of relatives residing in Canada.

In view of the fact that the International Refugee Organization is maintaining about a million displaced persons in camps in Europe, to the cost of which Canada along with other nations is contributing, this is a very small percentage indeed of the grand total to reach a country of such great magnitude and resources as Canada during the two and one-half years that have gone by since the close of the war. But at the same time, while this number is smaller than I should like—and I fancy that most senators will join me in that expression—the virtue of Canada's action in this regard should not be overlooked by ourselves or indeed by the people of other nations. Rather than wait until some slow-moving committee of the United Nations decided the number of displaced persons which Canada should accept, the government of this country passed the order in council mentioned, but prior to doing so arranged with the International Relief Organization for the transportation to Canada of specially-selected groups from displaced persons camps for employment at work that had been pre-arranged. The pre-arranged employment plan is most important, and I am delighted to add my voice to announcements made here and elsewhere that it has already proved eminently successful. It has relieved the International Relief Organization of the maintenance of those brought here. It has added somewhat—not enough to suit me—to Canada's working population, and has provided needed additions to the staffs of industries which otherwise would have been more handicapped than they have been for want of workers. It has conferred an almost inestimable benefit on the persons actually brought to this country, and it has set an example of efficiency and effectiveness that has already been followed by other countries—notably Australia, New Zealand and South Africa—which is in line with the importation of coal miners and other such workers by Great Britain.

But the best feature of the virtues that I have been enumerating is that the new method has inaugurated a distinctly new pattern of immigration into this country. It was commenced by the opening of the doors of Canada to Polish soldiers who had been engaged in the war under the command of

Canadian and British generals and who came mostly from the British army then in Italy. Four thousand five hundred young men have been brought to Canada to work under separate contracts with individual farmers. The experiment, honourable senators, has been an outstanding success. The term of pre-arranged employment was never less than one year and not more than two years, and to date two-thirds of these men have remained with the farmers with whom they were originally placed. Of the remaining one-third, some were not needed by their first employers and were transferred to others, at the request of all parties. The farm worker and his employer are in a particularly intimate relationship, affording constant opportunities for clash. Where incompatibility has developed, the official of the Department of Labour having the authority in the matter has brought about a shift to another employer. Only 280 odd of the 4,500 men are actually separated from agricultural work, nearly all of them by permission, due to physical or other disabilities. Less than 50 men out of the total have left agricultural employment without permission, and these the Labour Department officials follow up, urging them to return to agricultural work in accordance with their agreement. I think one ought to give some credit in this regard, as that effort has been attended with considerable success. In this the department has had commendable support from the organizations of Polish Canadians, the officers of which have urged the men to complete their contracts.

The Minister of Labour, the Honourable Humphrey Mitchell, his most efficient Deputy Minister, Mr. Arthur MacNamara, and all others taking part in this work of the department are highly pleased with the success of the experiment.

The plan was inaugurated, in the first place, to assist Great Britain, but like most good acts of that kind it has helped ourselves as well and has resulted in promoting farm production in Canada. It has done more than that; it has established an altogether new pattern of immigration into this country. The old method was to dump the immigrant at some point in Canada and leave him to sink or swim.

Honourable senators, there is nothing so destructive of morale as unemployment, and no occupation so discouraging as looking for a job. I can well imagine the feelings of many of these poor immigrants brought to a new land, possibly deficient even in their understanding of the language, on being told to hunt for a job. I could imagine a man on his return from his first day of futile search, desiring to go back to his homeland. It would not surprise me should he express the wish that he had never come to this country. I submit that the number of men who came to Canada in years gone by and later left us is an eloquent testimony to the truth of what I say.

Under the new system, employment is pre-arranged. The new arrival finds that a place is provided for him and that he is wanted here; and there is before him scope for his efforts and his ambition. I can imagine the newcomer going to work on the first or second day after his arrival, putting in a good day's work and returning home satisfied with himself and stating that he likes this country, although he has as yet seen but little of it.

Canada is peculiarly fitted for carrying out this pattern of settlement. Unemployment insurance necessitated an employment service, and the result is that Canada has a nation-wide system—the Minister of Labour says the best in the world. I do not know that I would go that far, because I am not familiar with the rest of the world, but I will say that it is indeed a very good system. A large number of well-trained men are engaged in that field.

The Polish immigrants having broken the ice, the Department of Labour, working in unison with the Immigration Branch and with the International Relief Organization, was in a position to extend the system of pre-arranged employment for immigrants. Immigration officials investigate local conditions and certify whether or not what they call "settlement conditions" are satisfactory. They examine the immigrants overseas as to their past history, or as much as is available; they ascertain their condition of health and mental attitude and determine whether they will make reasonably good immigrants. If satisfactory, the immigrant is passed for transportation. The I.R.O. arranges and finances the passage of the immigrant as far as the city of Halifax, and as a rule the prospective employer pays his fare and other expenses across the country to the point of destination. The Labour Department insists on the employer paying wages and providing working conditions not inferior to those enjoyed by Canadian workers in the same neighbourhood. The contract of employment is never for less than nine months, and usually for one year; in certain cases it is for two years. This is very important. An employer binds himself to engage an employee for a period of two years, irrespective of changing industrial conditions and of whether he requires his services; it is a firm engagement of employment. The employee, for his part, engages to work for a period of up to two years.

Under this arrangement 1,100 young women have landed in Canada for the purpose of working in hospitals, service institutions, and private houses. This is but the start of what is expected to be a very much greater movement, under which 3,000 young women will have been admitted by midsummer of this year. The congratulatory letters in this connection which are being received by the Immigration Branch and by the Department of Labour are illuminating and satisfactory: there are, at least as yet, very few complaints.

This new movement of pre-arranged employment has included 3,500 men for the lumbering and pulp-cutting industries in the camps of Northern Ontario and Quebec. Of that number less than 200 have been found unsuitable, physically or otherwise, for this type of employment, and these have been shifted by our employment service to some other work. The hard-rock mining industry has had two parties of 150 each, the beginning of what will probably be a very considerable movement as the months and years go by. The needle trades, located in Montreal, Toronto and elsewhere, expect to absorb a large number of men and women. The Hydro-Electric Power Commission of Ontario has agreed to employ, until a total of 2,000 has been reached, 200 men from each ship arriving here. Employment will be given in connection with various hydro developments. I am told it is likely that more will be required. As yet only 140 have arrived; but the movement has just begun. The Terrazzo Contractors Association has a representative in Italy now selecting the most highly skilled men in that industry in order to bring them to Canada under two-year contracts of employment, the terms of which are very advantageous to the men. The Canadian macaroni industry has applied for somewhat similar privileges. It may be that honourable senators do not know that Canada has a macaroni industry; but according to the manufacturers of the product, this country is particularly well equipped in this regard because it produces the best wheat in the world for this particular purpose. The industry is asking the government to permit the introduction of skilled men from Italy to take part in what is a more or less new industry in this country. The construction industry is asking for workers, and our two main railroads, the C.P.R. and the C.N.R., have applied for a combined requirement of 2,700 track workers for ballasting and other such work in the coming spring. As rapidly as shipping can be supplied and transportation arranged, other industries will be supplied in accordance with their proven requirements.

Obviously this system of immigration is far superior to any we have employed in the past. It is more humanitarian; it is more likely to succeed. But its very advantages involve one disadvantage which I regret. The desire to bring men to pre-arranged employment has been so great, and the influence of those engaged has been so powerful, that it has pushed aside in some degree the attempt of many Canadian citizens to bring relatives to this country. As a consequence, after two and a half years, although applications have been numerous, only a few thousand people of this category have actually landed in Canada.

I have spoken on a number of occasions of the desirability of immigrants of this class. I have been moved by the humanitarian appeal of a Canadian citizen's desire to bring a son, a father, a brother, or for that matter some other relative, from war-stricken Europe, half-starved Germany, or underfed England, to the peace and plenty and bright prospects of this wonderful land of ours. I have been influenced by the humanitarian factors involved; but also I have pointed out that the immigrants who are most likely to stay here and to make a success are those who have relatives here who have established themselves and have been successful to the point where they can satisfy the Immigration Branch of their financial ability to back their guarantee that the newcomers shall never become a public charge. Under these circumstances the newcomers find themselves in a sympathetic atmosphere, and are guided and encouraged until they establish themselves. Next to our own children, the best persons we can have are the relatives of Canadians who are already established. I am rather sorry, therefore, to see that the new system, so enthusiastically backed, has to a considerable degree retarded the movement of relatives to Canada; I regret that a large number of these people still remain to be moved, and I submit that the government should give them a priority and that efforts be stepped up in their behalf. I think the time has nearly arrived, if it has not arrived already, for the widening of those classes of relatives so as to include cousins and nephews. Cousins and nephews, particularly in European settlements, are frequently closely bound into families.

There is just one more comment that I should like to make, and it is with respect to the Act itself. As honourable gentlemen will recollect, the Immigration Act, so-called, was devised chiefly for the purpose of putting people out and keeping them out, and of not bringing them in. In line with that general psychology are the provisions with regard to deportation. There is in the Act a long list of what are described as "prohibited and

undesirable classes." Just as an example, there is a class which includes those who have "constitutional psychopathic inferiority". What that means, I do not know; but people having "constitutional psychopathic inferiority" are among the prohibited classes.

An Hon. SENATOR: Rightly so.

Hon. Mr. ROEBUCK: Somebody has said "rightly so". Perhaps that comes from a doctor. He may know what that means; I do not. I do say that in that long list are a number of descriptions which are ill-defined and expressed in most general terms. It is all right for legislators, without the victims present, to make general definitions of this type. However, it is the experience of courts of law and government officials that general rules applied in specific cases frequently prove harsh and cruel, and sometimes they have assumed the right, to quote the ancient courts of England, to "moderate the rigours of the law."

The Act states that persons coming within the broad definitions of prohibited and undesirable classes shall not be allowed to enter or to remain in Canada, unless they are Canadian citizens or have acquired Canadian domicile. In order to acquire Canadian domicile a person must have resided in Canada for five years. A non-citizen or a person without domicile, when found to be in the undesirable classes, is to be deported; and the Act provides that the wife and entire family of such person shall be deported with him.

That may be all right in general terms; but the most hard-hearted, if called upon to pass a sentence in some cases, would gag at the injustice and cruelty.

I have within my experience a case in point. An immigrant from the British Isles had been in this country for four and one-half years with his wife and family. He was not a Canadian citizen, but he had established himself in business in a rather big way. He was greatly overworked, and having borne the worry and strain of a new business during the war years, his nerves went buzzing. He voluntarily went to a psychiatric hospital for advice. He was told not to work so hard, to take things a little easier, get more rest and not worry so much, and he would be all right. He went home feeling well satisfied with his visit, and with the advice he had received and fully intended to follow. Everything was happy with him until about a week later, when he received an invitation from the Immigration Department in Toronto to call at their office together with his wife. He did so, and the official asked him if he was the man who was named as having been in a psychiatric hospital. When he said he was, the officer, as was his duty under this Act, handed him an order of deportation directed to himself, his wife and all his children. I was able to beat that order by proving that the psychiatric hospital was not the type of hospital indicated by the Act. The officials of the Department of Immigration so ruled in order to get around that situation and others like it. But note the point. Had the psychiatric hospital been one of those institutions indicated by the Act, the man and his family would have been deported. The order would of course be subject to appeal to the minister; but in strict reading the Act does not give the minister any discretion. The appeal would be on a question of fact and fact only.

Successive ministers of immigration, aided by successive senior officials, have insisted upon infusing into the Act a certain amount of humanity and common sense. They get around the Act. They pass and support orders in accordance with the Act, and then neglect to enforce them. That is not satisfactory. I am not at present saying that any clause of the Act should be changed or that the list of undesirable and prohibited classes should be revised, although I feel that that is something that might well be studied by the committee, with a view to advising the minister in a modern revision of the Act.

For these reasons, I commend to the favourable consideration of my fellow senators the resolution which I have had the honour to move.

Hon. THOMAS VIEN: Honourable senators, I am sure we all feel deeply grateful to the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) for his very able presentation of this important question. I am among those who admire and envy his wonderful command of the King's English.

With much of what the honourable gentleman has said I agree, but a few of his statements I think would bear investigation and should at least be challenged. I agree with him that Canada is a vast, young and rich country, capable of sustaining a much larger population than we have at present, but it seems to me that his criticism of the highly selective immigration policy that the government has adopted is not altogether well founded. He deplores the fact that the government did not throw our gates wide open after the conclusion of World War II and provide facilities for bringing to this country by the hundreds of thousands all who wished to come. I think that he has not attached enough importance to the fact that when the war was over we had to provide first for the repatria-

tion of our returning soldiers, sailors and airmen. He has failed to point out that millions of Canadian men and women who were withdrawn from their ordinary occupations and engaged in war work had to be re-established in civil life. He has neglected to say that not all the displaced persons in Europe would make desirable immigrants to this country.

As honourable senators know, various other countries which threw their gates wide open in the last century are now trying to cope with problems created by the lack of selective immigration. Their insane asylums and hospitals are full of people physically or mentally unsound and incapable of making a proper contribution to the development of any country.

No doubt all of us would welcome an influx of physically and mentally sound people who were willing and able to make a good contribution to the development of the Canadian nation. But we have to be careful. Up to a few months ago there had not been time to establish in the countries of continental Europe proper agencies for inspecting applicants in order to determine whether they would make desirable immigrants.

Therefore I cannot join my honourable friend in his criticism of the immigration policy adopted by the Canadian government since the cessation of hostilities. I think the government has demonstrated wisdom in taking time to repatriate our war veterans and re-establish our war industry workers, and in waiting until conditions in Europe make it possible for the Immigration Department to set up agencies on the continent for conducting the usual precautionary investigation of applicants.

The honourable gentleman has mentioned a few instances of distress caused to people who came to Canada without authorization and had to be sent back to their countries of origin. We sympathize with these people, but such cases would have been much more numerous had we permitted the indiscriminate entry of all who were eager to come to our shores.

I agree with that part of the honourable gentleman's speech wherein he stressed the urgency of adding to our immigration facilities in Europe. I also agree with his remarks as to the need of more shipping space for bringing in immigrants—desirable immigrants—who, on the farms, in the mines, and in forestry and other industries, would make a valuable contribution to the upbuilding of Canada.

I believe that we must continue precautionary measures to avoid future regret for a wide-open-door policy. Should such a policy be adopted we would come face to face with the same problems which in the past have confronted other countries. We must consider also that if Canada opens the door wide to immigrants, many Canadians will themselves become displaced persons in their own country. I think the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and all other honourable senators will understand what I mean. In many other countries many of the deep political and social difficulties have resulted from a lack of precautions such as those I have advocated.

Hon. Mr. HORNER: May I ask the honourable senator a question?

Hon. Mr. VIEN: Certainly.

Hon. Mr. HORNER: My honourable friend has said that many other countries have made a mistake in allowing immigration without proper selection. May I ask him to tell me what countries he refers to?

Hon. Mr. VIEN: If my honourable friend will study the conditions of the world he will readily know what I mean.

Hon. Mr. HORNER: But I do not know what is meant.

Hon. Mr. VIEN: I believe it would be unwise to single out any particular country, but if my honourable friend cares to stand up and challenge my statements, I am willing to go into the Standing Committee on Immigration of this house and carry the investigation further. I may inform my honourable friend—though I am sure he has the information—that the United States of America is confronted today with the difficulty of accommodating people who are not sound, and are incapable of earning their living. If my friend will take the trouble to read the medical reviews of that country he will find my statement fully substantiated.

Honourable senators, I am sorry that, speaking extemporaneously, I cannot do justice to this very important subject, particularly following the fine address that we have listened to from the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). However, I thought it was my duty to place on record a few of the reservations on this subject which I have in mind.

I should like to see our immigration regulations contribute towards the reuniting of families. I agree with what my honourable friend has so aptly said, that when some members of a family who have made a success of their undertakings in this country have a father, mother, brother or sister who are victims of war conditions in Europe we should, on humanitarian and compassionate

grounds, and in the general interest of our immigration policy, lend every effort to reunite the family. My experience is, and I am sure the honourable senator will find it is the fact, that except in some cases where it was not feasible the fundamental principle of Canada's immigration policy has been along those general lines.

I believe that our facilities in Europe should be extended to assist the influx of desirable citizens. That has been done in some cases. Honourable senators are familiar with the work of Mr. Dionne of Beauce. Hundreds of immigrants and displaced persons have been sent to work in forestry and in our mining industries.

Two or three days ago in Montreal I had a discussion with the president of a large mining enterprise who told me that the scarcity of labour in the mines in northern Ontario and northern Quebec had been relieved by displaced persons brought to this country and sent to the mining areas. I agree entirely that men are needed on the farms, in the forests, on the railways and elsewhere; but this need is being met gradually and with caution.

Although I am in favour of more extensive immigration and a greater population to help build up Canada, I believe that if we go slowly and prudently we will be better off than if we open wide the door and indiscriminately admit all those who would like to come to Canada. On the whole, I believe that the government has been wise in its policy, and should be commended for it.

Hon. Mr. ROEBUCK: Honourable senators, may I as a matter of privilege, and with the consent of my honourable friend, thank him for the very kind remarks he has made, and say that I am not conscious of having criticized the policy of the government; rather, I have commended it. It would be unfortunate if the opposite impression were to be conveyed.

Strangely, everything I advocated has met with commendation from my honourable friend from De Lorimier (Hon. Mr. Vien). I did not propose indiscriminate immigration or a wide-open-door policy in that sense, nor have I recommended the bringing of people here by the hundreds of thousands without proper examination. My honourable friend cannot find that suggestion in my remarks, and I hope he will accept my correction. I did criticize transportation facilities.

Hon. Mr. VIEN: I shall certainly accept any statement of the honourable senator, if I have misinterpreted in his speech.

I understood that he wanted the officials of the department called before a committee to answer for what he regards as a wrong policy. If I have misconstrued my honourable friend's remarks, I certainly accept the correction.

Hon. Mr. HAIG: Honourable senators, while listening to the remarks of my honourable friends I was reminded of the days when the Honourable Mr. Meighen and the Honourable Mr. Dandurand were the two leaders in this house, and talked three or four times each on the same subject. I suggest to my honourable friends that they hire a hall to debate the question.

Hon. Mr. VIEN: I rise to a question of privilege. I do not believe the remarks of the honourable gentleman are called for.

Hon. Mr. HAIG: I am entitled to speak on a point of order.

Hon. Mr. VIEN: I want to state my question of privilege.

Hon. Mr. HAIG: I have already raised a point of order. The honourable gentleman has not the right to say anything in answer. I can speak on the motion; that is all I was doing.

Hon. Mr. VIEN: I have raised a question of privilege. The honourable gentleman has stated that the honourable senators who have spoken should hire a hall to discuss the subject. I say that that remark is absolutely unwarranted, because the subject which has been discussed is a most important one, and both the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and I have tried to make a contribution to the debate. The remark of the honourable leader of the opposition is most unbecoming.

Hon. Mr. ROEBUCK: I submit that I have a perfect right to rise to a question of privilege.

Hon. Mr. HAIG: The honourable senator has no such right. I forgive him this time; but I shall not allow him to do it again.

The Hon. the SPEAKER: The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has spoken, and the honourable senator from De Lorimier (Hon. Mr. Vien) also has spoken. There may be other speakers who would like to continue the debate. If so they had better proceed now.

Hon. R. B. HORNER: I should like to say a few words in reply to the honourable senator from De Lorimier (Hon. Mr. Vien). There is no doubt in my mind that the United States has become a great country

because, during a long period, she accepted people who by reason of great difficulties in their own countries wished to migrate. I wish to say also that in proportion to her population she has not had any greater trouble than other countries. The honourable senator's remarks on the dangers of letting people in remind me of the bachelor who is afraid to get married for fear that his family might not turn out well.

In my opinion, the proportion of misfits in the United States is no greater than it would be if there had not been so many immigrants to that country.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, January 29, the consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. A. L. BEAUBIEN: Honourable senators, when I adjourned the debate last Thursday I did so as a good Whip, thinking that probably some honourable senators would wish to continue the debate. I do not wish to take part in the debate myself, and as far as I have been able to find out, nobody else does, so I suggest that the motion of the honourable senator from Shawinigan (Hon. Mr. Ferland) be now put to the vote.

Hon. GUSTAVE LACASSE: Honourable senators, apparently the Whip has not gone the rounds sufficiently to find out if any senator intended to speak. Had he asked me, I would have notified him that I wished to do so. I am not prepared to continue the debate tonight, but I hope it will not go by default at this particular time. I intend to give my reasons why it should not, and to say at once what I had intended to say at the conclusion of my general remarks.

In the first place, to use plain language, sometimes we run short of material for discussion. I think all agree to that. In fact, I remember a session when a committee was organized to select subjects for discussion in this chamber, partly for the reason I have mentioned, partly for other reasons.

Second—and I offer this as a suggestion—we should adopt the practice of continuing over a few weeks the discussion on the Address in reply to the Speech from the Throne, so that any honourable senator who wishes to discuss some matter in this chamber can do so without going through the process of giving notice of his intentions two days in advance. If we took that course we would always have, so to speak, material on the shelf; the discussion could be guided in accordance with the events of the day, and there would be a continuous reserve of material.

To these reasons I add a third one, namely, that this particular debate is the only one which gives us the opportunity of discussing any subject at will. In another place they have an additional opportunity of doing so during the discussion of the budget. Here, I have been repeatedly told, we have no right to go very far in the financial field.

I have offered these three reasons for allowing the debate go on until both Whips are convinced that nobody else wants to speak, when the debate would automatically terminate. That is about all I wish to say this evening, but I intend to add a few words to the discussion of the subject of the Address.

In moving the adjournment, I say plainly what my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) forgot to say a while ago, when he rose to his feet for the second time, namely: "I do not intend to close the debate."

Hon. A. L. BEAUBIEN: Before the motion is put, I should like to add a word of explanation. As far as I personally am concerned, and I am sure I can speak for everybody, there is no wish to curtail the debate on the Address in reply to the Speech from the Throne. But I would point out that the Speech was presented by His Excellency to this house on December 5 last; it has been continuing since the Senate met on January 27th; and, having tried to make contact with every senator in the house to find out whether he wanted to speak, I could not find anyone who wished to do so. My remarks this evening were not made with any idea of curtailing debate; and if the honourable senator from Essex (Hon. Mr. Lacasse) wants to make a second speech on the Address, I have no objection.

Hon. Mr. LACASSE: There is no question of my making a second speech. You have made three yourself already.

The Hon. the SPEAKER: If the honourable senator from Essex (Hon. Mr. Lacasse) wishes to speak at a later date, I will accept his motion, although it would have been wiser for him to have moved the adjournment of the debate without making a speech, because under a strict interpretation of the rules he has exhausted his right to speak.

The motion of Hon. Mr. Lacasse was agreed to and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 4, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

IMMIGRATION

REPORT OF COMMITTEE

Hon. CAIRINE R. WILSON presented and moved concurrence in the second report of the Standing Committee on Immigration and Labour, as follows:

In connection with the order of reference of the 3rd February, 1948, directing the committee to examine into the operation and administration of the Immigration Act, etc., the committee recommend that it be authorized to print 1,000 copies in English and 200 copies in French of its day to day proceedings, and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

DOMINION WATER POWER BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill P, an Act to amend the Dominion Water Power Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: Before the Orders of the Day are proceeded with, I should like to inform honourable senators that it is my intention to suggest that the Senate sit next week and the week after. What our course will be then will depend entirely on the disposition made of whatever legislation may have come before us in the meantime. As I have said before, I am anxious that the Senate do everything it can to expedite the business of parliament, but it is not my intention to suggest that the Senate should sit unless it is able to discharge some useful purpose by so doing.

NORTHWEST TERRITORIES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill D, an Act to amend the Northwest Territories Act.

He said: Honourable senators, I have asked the honourable senator from Lethbridge (Hon. Mr. Buchanan) to explain this bill.

Hon. W. A. BUCHANAN: Honourable senators, this bill makes two relatively minor changes in the Northwest Territories Act. The first would give the Commissioner of the Northwest Territories in Council the power to make ordinances respecting the preservation of game. At present this can only be done by the Governor in Council, under the Northwest Game Act. The intention of the bill is to repeal the Northwest Game Act and to permit a more convenient and speedy procedure to be followed for the regulation of game preservation in the territories.

The second change is contained in section 2 of the bill. In a case which arose recently in the Northwest Territories, an appeal from the decision of a stipendiary magistrate to the Appellate Division of the Supreme Court of Alberta was ruled out on the grounds that the appeal did not lie with the Alberta court. The proposed amendment establishes the Appellate Division of the Supreme Court of Alberta as the court of appeal from decisions of a stipendiary magistrate of the Northwest Territories in civil matters, just as, under the Yukon Act, an appeal from a stipendiary magistrate in the Yukon lies to the Court of Appeal of British Columbia.

These are the only provisions in the bill.

The motion was agreed to, and the bill was read the second time.

VETERANS INSURANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill G, an Act to amend the Veterans Insurance Act.

He said: Honourable senators, the purpose of this bill is to validate by statute certain contracts for veterans insurance entered into under authority of orders in council passed under emergency powers which expired on March 31 last. Those orders in council added members of the so-called interim forces and

certain merchant seamen to the list of persons eligible to buy veterans insurance. To remove any doubt as to the legal status of the insurance contracts covering such persons, the bill proposes to incorporate the provisions of those emergency orders in council into the statute.

It will be recalled by honourable senators that veterans insurance at low rates is available to various classes of veterans and their dependents. It is especially useful to those who on medical grounds could not qualify for insurance by commercial companies. The number of policies now in force totals about 15,000.

The remaining sections of the bill are merely for the purpose of improving the wording of the present statute.

Since the bill was presented for first reading, I have been advised that the Department of Veterans Affairs would like to offer two further amendments to the Act. Therefore, if the house sees fit to give the bill second reading, I shall move that it be referred to the committee on Banking and Commerce for further general consideration, and, specifically, to hear representations from departmental officials. I understand that one of the proposed amendments has to do with extending the number of merchant seamen eligible for this insurance, and that the other is of a technical nature.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

WAR SERVICE GRANTS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill H, an act to amend the War Service Grants Act, 1944.

He said: Honourable senators, this bill proposes one minor change in the War Service Grants Act. At the present time a board of review, consisting of five officers and a clerical staff of eighteen, investigates cases of dishonourably discharged service men to determine to what extent, if any, they are entitled to participate in any of the various forms of war service grants. Such grants are only paid to dishonourably discharged service men on the recommendation of the board of review. The board makes its recommendation after examination of each individual case.

Honourable senators will recall that under the Act dishonourably discharged men do not qualify for the various veterans' grants. It will be appreciated that many cases have arisen in which there were extenuating circumstances and in which a rigorous application of military law may have rendered an injustice. The purpose of the board of review has been to consider individual cases on their merits.

The volume of work of this board has fallen off to about one-fifth of its peak of a year and a half ago, and it is expected that within the coming year it will be possible for a single reviewing officer to handle the remaining cases. The bill simply enables the Minister of Veterans Affairs to make the change, with the approval of the Governor in Council.

It is perhaps not necessary to move that the bill be referred to committee, but I would point out that another bill dealing with veterans affairs will go to the Banking and Commerce Committee, and that the officials who will be there could deal with this bill at the same time. Personally, I have an open mind on the matter, but some honourable senators may wish to ask some questions.

Hon. Mr. HAIG: Ordinarily I would not ask that this bill be referred to a committee, but since the officials will be in attendance anyway, and no delay will result, I think it would be proper procedure to refer it.

This is an important bill and deals with a very delicate matter which, in my opinion, can be handled better by a board than by an individual. No doubt when we are in committee the officials will be able to give us figures to indicate that the expense is not justified, and we will probably agree.

Hon. Mr. McINTYRE: Honourable senators, do I understand that this bill has to do with the granting of an additional $10 a month to disabled veterans?

Hon. Mr. HAIG: No.

Hon. Mr. ROBERTSON: This bill only has to do with the composition of a board of review which considers whether or not dishonourably discharged service men are qualified to receive benefits under the War Service Grants Act.

Hon. Mr. McINTYRE: I understand that a bill is coming up which has to do with the veterans' allowances.

Hon. Mr. ROBERTSON: That is another measure.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill I, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators, this is the usual bill which comes before the Senate every year providing for the appointment of auditors for the National Railways. For twenty-two years, with the one exception of the year 1935, when another firm was given the business, the firm of George A. Touche and Company of Montreal and Toronto has carried out this audit. There are many advantages in having one firm specialize in this work. A continuous audit is carried out in the railway field by a staff of fifty, with assistance from United States branches.

Last session the suggestion was made that this work could be carried out to advantage by the Auditor General's department. The minister, speaking in reply to the suggestion, said that in his opinion such an arrangement would not be feasible, because it would require some time for the Auditor General's department to build up the necessary staff, and that no material saving would be effected.

Hon. Mr. EULER: Honourable senators, may I ask what remuneration is paid to Touche and Company for these services?

Hon. Mr. ROBERTSON: I have not the exact figure available, but I think it is about $50,000 a year.

Hon. Mr. HAIG: Honourable members, I am in entire accord with the bill except for the statement contained in it that the firm of George A. Touche and Company is of Montreal and Toronto. One of the partners lives in Winnipeg and conducts an important audit there. I know the firm does a fine job.

Hon. Mr. ROBERTSON: Honourable senators, I had not intended to ask that the bill be referred to committee, but in view of the point raised by my honourable friend opposite, perhaps it should be referred to the Standing Committee on Banking and Commerce for the addition of the words "and Winnipeg".

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I will not press my amendment.

The motion was agreed to, and the bill was read the second time.

PELAGIC SEALING (PROVISIONAL AGREEMENT) BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill L, an Act respecting the provisional Fur Seal Agreement between Canada and the United States of America.

He said: Honourable senators, I have asked the honourable senator from Cariboo (Hon. Mr. Turgeon) to explain this bill.

Hon. J. G. TURGEON: Honourable senators, I appreciate the request of the honourable the leader of the government that I should explain this bill.

The intention of the proposed legislation is very clearly defined in the explanatory note which appears opposite page 1 of the bill, and which reads as follows:

> The purpose of the bill is to provide the necessary legislation to carry out Canada's obligations under the provisional Fur Seal Agreement made between Canada and the United States of America. The agreement is included as Schedule A to the bill.

Following the text of the bill is the agreement which has been entered into between Canada and the United States.

It seems to me, honourable senators, that a consideration of the whole question of fur sealing during the last thirty-five years is, first of all, of extreme historical interest and significance, and secondly, indicates possibly, what can be done through proper relations, internationally and domestically, within different spheres such as, in Canada, territorial fields or industrial relations. Naturally, anyone who comes from British Columbia is deeply interested in pelagic fur sealing. In the closing years of the last century the Victoria Sealing Company exclusively, I understand, so far as Canada is concerned, carried on fur sealing operations. Nationals of other countries operated in much the same way. The seal herd, which previous to 1911 was estimated at 4,000,000, had been reduced to less than 200,000 by the time the first international agreement was made in 1911. In that year, Canada, acting through the United Kingdom, entered into a sealing convention with the United States, Russia and Japan. Japan abrogated that convention by notice in October, 1940, and the convention ended in October, 1941, shortly before Japan entered the last world war.

The waters covered in the present agreement between Canada and the United States are defined in article I of the agreement, as follows:

. . . all waters of the Bering Sea and the Pacific Ocean, north of the thirtieth parallel of north latitude and east of the one hundred and eightieth meridian.

In the description of the waters covered in the original convention between the four powers:

"convention waters" means the waters within such part of the Pacific Ocean as is north of the thirtieth parallel of north latitude, including the seas of Bering, Kamchatka, Okhotsk, and Japan.

Under the old convention, in order to stop Canadians from carrying on fur sealing in the ocean at large, Canada was given 15 per cent of the annual receipts of skins and value of skins taken at the Pribilof Islands. Other nations were given similar shares, ranging from 10 to 20 per cent, the idea being simply to stop the continuous slaughter of seals. As a result of these measures, between 1911 and 1947 the seal herd has increased to nearly 4,000,000, or to be exact, 3,600,000. Under the agreement between Canada and the United States the United States gives to Canada each year 20 per cent of the total receipts.

Hon. Mr. EULER: How do they count the seals? How do they know when there are 4,000,000 Do they have a census?

Hon. Mr. TURGEON: I do not know whether they adopt our system of a decennial census or not, but the figures in the official documents are fairly exact. For instance, in glancing through the documents I notice that they allude in one case to the number as being 216,000, and in another case, referring to 1947, they state that the total has increased from a low of under 200,000 to 3,600,000. The Pribilof Islands seals, except for about three months from May to July or August, when they are on land, are scouting in the high seas. They leave the Pribilof Islands, which, as honourable senators know, are located in the Bering Sea, and swim eastward and southward, skirting the coasts of Alaska and Canada, going down to about the thirtieth degree north latitude. They then go back again, remaining in that part of the Pacific Ocean which is east of the one hundred and eightieth meridian.

As a result of the new agreement Canada—in consideration of prohibiting any Canadian national or inhabitant from hunting, chasing or killing seals on the high seas—is given 20 per cent of the total take of the United States from the Pribilof Islands herd. Unfortunately, the agreement is now confined to Canada and the United States instead of being between four parties, as was the case during the previous thirty years.

I do not intend to go into further detail, but if anybody so wishes, the leader of the government will move that the bill be referred to the Committee on Banking and Commerce. The whole study is a very interesting one. The main feature of the agreement is that the Bering Sea and the north Pacific Ocean east of the one hundred and eightieth meridian, are prohibited waters so far as the catching of seals by Canadians and citizens of the United States is concerned. Canada undertakes that she will give to the United States 20 per cent of any seals that are captured on Canadian land. As a matter of fact, speaking broadly, no seals are captured on Canadian territory, so at no time has Canada had to give any percentage of her catch to the United States. On the other hand, she receives 20 per cent of the total catch of the United States herds on the Pribilof Islands as compensation for prohibiting sealing by Canadians on the high seas in the areas indicated.

Apart from the historic significance of the conservation measures with respect to pelagic sealing which have resulted from past treaties and the one just made, this agreement is in itself a token of what can be done.

As I pointed out before, this particular agreement now covers only two countries, but it shows what can be done by groups of people, whether they are speaking to one another internationally as sovereign states, domestically as provinces, or in the field of industrial relations as, say, employers and labour.

In British Columbia and other parts of Canada there has been a great deal of talk about forest conservation. Today, due to some extent to the customs of the past, there is a dearth of oil. We have in Canada many areas where mineral deposits are known to be present, but where no development has taken place. In 1911 the fur seal industry was drifting to absolute ruin, and it was revived purely as a result of the collective action of four nations, and it is now intended that it be maintained by the collective action of Canada and the United States.

In supporting the motion of the honourable leader of the government that this bill be given second reading, I just wish to say to honourable senators that what has been accomplished already by international co-operation may be a token of what can be accomplished in the future.

The motion was agreed to and the bill was read a second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. THOMAS VIEN moved the second reading of Bill M, an Act respecting the Trust and Loan Company of Canada.

He said: Honourable senators, the Trust and Loan Company of Canada was incorporated more than one hundred years ago, its first incorporation being under the name of the Trust and Loan Company of Upper Canada, by Act 7 Victoria, Chapter 63. With leave of the Senate I should like to place on *Hansard* a short historical summary of the incorporation of the company. This will provide the members of the Standing Committee on Banking and Commerce, to which I shall move that the bill be referred, with a full background of its corporate powers.

Under this bill the company, which has more capital than it can use for the time being, proposes to reduce its capital stock. There is one feature of the bill which I should like to lay before this honourable house. The company in its balance sheet now carries in a forfeited share account an amount of £27,796, being capital formerly paid up on 33,840 shares of £2 each forfeited for non-payment of calls, which shares, subsequent to 1936, are represented by 33,840 unissued preference shares of £1 each and 33,840 unissued ordinary shares of £1 each. Under the plan these are to be cancelled, and the £27,796 formerly paid up thereon is to be transferred to a new account, the capital reserve account.

The history of these forfeited shares is as follows. In 1939 two of the ordinary shareholders of the company went into bankruptcy in England and, according to the laws of that country, by notices to the company dated, respectively, August 25, 1939, and January 29, 1943, their trustees in bankruptcy disclaimed the shares held by these bankrupts, and on which shares only two shillings and sixpence had been paid. The trustees in bankruptcy were entitled to do this by the British Bankruptcy Act of 1914, and the effect of doing this was to discharge the trustee and release the bankrupts and their property from liability in respect of the disclaimed property.

The London Stock Exchange objected to this forfeiture on the ground that the directors had no power to forfeit shares on which there was no default in payment of calls. Thus there arose this anomalous situation, that the trustees in bankruptcy disclaimed any further responsibility with respect to the uncalled portion of these shares; and yet, notwithstanding that refusal of the trustees to entertain any responsibility for future calls on these shares, the company, under the regulations of the London Stock Exchange, could not regard them as having been forfeited. Therefore, on August 1, 1944, the company's directors passed a resolution stating that for the purposes of the company's balance sheet these shares should not be regarded as having been forfeited, but that it be indicated on the balance sheet that these 6,600 shares had been disclaimed by trustees in bankruptcy.

This memorandum, which I would ask to have placed on *Hansard,* will make full particulars available to honourable members of the Standing Committee on Banking and Commerce. I am only trying to save the time of this house.

The reasons for the proposed reorganization of the company's capital are as follows: In the first place, in so far as the disclaimed shares and forfeited shares are concerned, it is to tidy up and simplify the company's balance sheet, and to clarify the situation arising from the conflict between the English Bankruptcy Act and the Companies Act in respect to such companies as are listed in the London Stock Exchange.

Secondly, in so far as the reduction of authorized capital and the cancellation of uncalled liability on ordinary shares are concerned, additional capital is not required by the company under present conditions. The company in its last balance sheet dated March 31, 1947, showed assets of £2,481,117, of which £902,023 was in British securities and £223,711 in Canadian government securities. These constitute more liquid capital than the company needs or than can be used for its purposes.

In so far as the repayment of the 5 per cent preference capital is concerned, the preference stockholders are largely in Britain. The company does not make loans in Britain, and it has there these liquid asset investments of £902,023 which, under present foreign exchange control regulations, cannot be converted into Canadian dollars.

It may be noted that the company formerly had substantial amounts of outstanding debentures and debenture stock—in 1939, £611,817 in debentures and £735,484 in 4 per cent debenture stock—all of which have been repaid.

Under the plan the company's paid-up capital will undergo a reduction from £1,986,930 to

£1,103,025. In the directors' opinion this will be adequate for the company's purposes for the time being.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? When distribution is made, in what form will it be made?

Hon. Mr. VIEN: I think I can best answer the question of the honourable leader of the opposition from the memorandum which I have here. In 1936 the capital structure of the company was revamped. The authorized capital of £5,000,000 was converted into 2,500,000 non-cumulative 5 per cent preference shares of £1 each convertible into preference stock, and 2,500,000 ordinary shares of £1 each.

The present authorized capital is as follows:

Issued:	
5 per cent non-cumulative preference stock fully paid	£1,766,160
1,766,160 ordinary shares of £1 each, 2/6 paid (including 6,600 shares disclaimed by trustees in bankruptcy)	220,770
Uncalled liability of 17/6 per share on such 1,766,160 ordinary shares of £1 each	1,545,390
	£3,532,320
Unissued:	
733,840 5 per cent non-cumulative preference shares of £1 each ...	£ 733,840
733,840 ordinary shares of £1 each	733,840
	£5,000,000

The changes in the company's capital structure resulting from the plan, if approved, would be as follows:

Issued:	
5 per cent cumulative preference stock, fully paid (transferable in units of 10/) after returning to preference stockholders 10/ in respect of each £1 stock held ...	£ 883,080
Ordinary stock, fully paid (transferable in units of 2/6) after cancelling uncalled liability of 17/6 per share and after cancelling 6,600 disclaimed ordinary shares	219,945
	£1,103,025
Unissued:	
700,000 5 per cent cumulative preference shares of £1 each (convertible into 5 per cent cumulative preference stock ...	£ 700,000
700,000 ordinary shares of £1 each (convertible into ordinary stock	700,000
Authorized	£2,503,025

I think that answers my honourable friend's question.

Hon. Mr. HAIG: I have another question. When the company returns these 10 shillings for each £1 of stock, will that be turned into Canadian currency or into pounds sterling?

Hon. Mr. VIEN: I cannot give the honourable gentleman a definite answer, but my information is that the Canadian shareholders will be paid in Canadian money and the English shareholders in sterling. I speak subject to correction. The president and general manager of the company will appear before the committee to give further information if required.

Hon. Mr. EULER: The honourable gentleman stated that a certain amount of the stock subscribed for had been paid up, and perhaps he can state what that amount is. I am concerned particularly, however, about the forfeited shares, or the shares that will be forfeited if this bill is passed. I understood the senator to say that the amount paid in on those shares is added to the company's reserves.

Hon. Mr. VIEN: Are you referring to the shares of those who went into bankruptcy or to the shares of the other shareholders?

Hon. Mr. EULER: I am referring to the shares of those people who paid a certain amount but could not pay the balance. The amount paid in and forfeited to the company is, I take it, a profit to the company, and this I understand was added to the reserve of the reorganized company. Does that create a surplus for the company? And if those assets are distributed by the company to some of the shareholders, as they might very well be, will they be distributed as capital or as a dividend which will be taxable?

Hon. Mr. VIEN: The amount in question will not be distributed, but will be carried as a surplus.

Hon. Mr. EULER: Is it regarded as a profit?

Hon. Mr. VIEN: It cannot be regarded as anything but a profit.

Hon. Mr. EULER: Then it should be taxable.

Hon. Mr. VIEN: We are dealing with shares that have been forfeited in England, and I am quite sure, though I am not competent to express an opinion upon it, that the company will have to meet the income tax authorities in Great Britain and settle that question.

Honourable senators will readily appreciate that these are shares on which the shareholders had paid the calls to the date when they went into bankruptcy; at that time 17 shillings and sixpence was still callable on each of these shares. The trustees in bank-

ruptcy were faced with the problem of either claiming the holdings and being responsible in behalf of the estate in bankruptcy for calls which might be made in the future, or, in the alternative, of abandoning what they had paid on the shares and disclaiming any responsibility in the future with respect to calls that might be made by the board of directors. Under the British Bankruptcy Act the trustees elected to follow the alternative course and to forfeit the payments made by the bankrupts in order to be relieved of responsibility for any future calls.

The situation created, as has been pointed out by the honourable senator from Waterloo (Hon. Mr. Euler), was that the amount paid by the shareholders became capital gain for the company. By reason of the cancellation of the shares and the resultant capital gain, the amount that had been paid had to be carried into a special account not otherwise provided for. That special account has been created by reason of the attitude of the London Stock Exchange. I hope I have made the point clear.

The Hon. the SPEAKER: Honourable senators, the honourable senator from De Lorimier (Hon. Mr. Vien) has asked leave to place on *Hansard* certain information which he does not choose to read. Is it your wish, honourable gentlemen, that leave be granted?

Some Hon. SENATORS: Carried!

(See appendix at end of today's proceedings.)

Hon. Mr. HAIG: Honourable members, I agree with what the honourable senator from De Lorimier (Hon. Mr. Vien) has said. The only money that the honourable gentleman for Waterloo (Hon. Mr. Euler) was concerned about was the amount involved in these bankrupt shares.

Hon. Mr. EULER: That is all.

Hon. Mr. HAIG: The point that I was interested in has been answered satisfactorily.

In western Canada, especially in Manitoba, this company had over many years loaned large amounts of money. In 1936 and 1937 the loans did not appear very valuable, but during the past five or six years the company has been able to collect substantial sums of money. The shareholders in my province are anxious that the distribution be made in Canadian funds; the payment of the money in English currency might be disastrous for the Canadian shareholders.

I have read the bill carefully and, speaking personally, I am quite sure there will be no objection to it. I have discussed the bill with friends of mine who are interested, and I am quite sure that if the money is returned to them in Canadian funds they will be entirely satisfied.

Hon. Mr. VIEN: I speak subject to correction, but I am quite sure that will be done.

If the bill is given second reading, I propose to move that it be referred to the Standing Committee on Banking and Commerce, and I shall ask the chairman of that committee to fix Thursday, February 12 for the hearing of witnesses.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. VIEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. FELIX P. QUINN moved the second reading of Bill N, an Act respecting the Eastern Trust Company.

He said: Honourable members, this bill is simply a request for authorization to increase the capital stock of the Eastern Trust Company from $1,000,000 to $3,000,000.

This is an old established and well managed trust company doing business in Halifax. It now seeks to expand, and for that purpose it requires this additional capital.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. QUINN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. CHARLES L. BISHOP moved second reading of Bill O, an Act respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

He said: Honourable senators, this bill asks for authority to abbreviate the name of the organization and to raise the limit placed upon its property holdings.

If the bill is given second reading, I propose to move that it be referred to the Standing Committee on Miscellaneous Private Bills for examination.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. BISHOP moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Unless circumstances of which at the moment I have no knowledge make it desirable to do otherwise, when we adjourn tomorrow we shall adjourn until Tuesday night next. As far as I know, we shall not thereby be handicapped in dealing with any legislation present or prospective: indeed, the work of the Standing Committee on Divorce will be facilitated.

The Senate adjourned until tomorrow at at 3 p.m.

APPENDIX

The Trust and Loan Company of Canada

Plan for the reorganization of the capital of the company.

1. Incorporation of the company

(a) Original statutes — The company was originally incorporated under the name of "The Trust and Loan Company of Upper Canada" by Act 7 Vict. C.63 (9th December, 1843) of the Province of Canada, and rules and regulations were made in a deed of settlement (1st June, 1844) for carrying on and regulating the company's affairs.

Further acts of the Legislature of Canada were passed later extending the powers of the company, viz 8 Vict. C.96 (13th March, 1845), 14 Vict. C.138 (10th August, 1850), 22 Vict. C.132 (16th August, 1858), 25 Vict. C.72 (9th June, 1862) and 45 Vict. C.111 (17th May, 1882).

(b) Original royal charters—In addition to these early Canadian statutes a royal charter was granted to the company on 13th November, 1845, by which all the corporate and other privileges, immunities and powers granted by the Canadian Act of 1843 were confirmed and declared to be operative not only in Canada but also in the United Kingdom, and it was declared that the business of the company might be carried on according to the provisions of the Act, deed of settlement and charter.

By a further royal charter dated 20th February, 1872, the name of the company was changed to "The Trust and Loan Company of Canada" and certain modifications were made in the provisions of the earlier royal charter of 1845.

(c) Present governing statute—The earlier Canadian Acts above mentioned were repealed by the Trust and Loan Company of Canada Act, 1910 (9-10 Ed. VII C.168) 4th May, 1910) which as amended is now the governing statute for the company.

This Act has been amended to change the capital structure of the company by the Acts 2 Geo. V C.158 (12th March, 1912), 10-11 Geo. V C.96 (11th May, 1920) and 1 Ed. VIII C.57 (23rd June, 1936).

(d) Present governing royal charter—By a further royal charter dated 11th January, 1911, it was declared that on the above mentioned new governing Canadian statute (9-10 Ed. VII C.168) being put in force by proclamation the constitution and organization of the company was to be as prescribed by that Act in lieu of the provisions with regard thereto contained in the royal charters of 1845 and 1872 and deed of settlement of 1844.

By a Canadian proclamation the governing Canadian statute came into force on 4th March, 1911.

(e) Provincial statutes—In addition to the foregoing,

(i) an Ontario statute 32 Vict. C.65 (23rd January, 1869) confirmed appointment of commissioners by the company and deeds executed by them, made provisions concerning registration of deeds and other instruments, and concerning forms of conveyance, and empowered the company to add expenses to principal and interest on loans made; and

(ii) a Manitoba statute, 43 Vict. C.51 (30th May, 1882), authorized the company to exercise in Manitoba the same rights and privileges as in Ontario and Quebec under its charter, to take any rate of interest authorized by the Dominion Parliament and provided that any future supplemental royal charters, Imperial and Canadian statutes were to be valid in Manitoba.

2. Changes in company's capital structure—

(a) Authorized and issued at time of 1910 Act—

Issued—	
60,000 shares of £20 each, £5 paid	£ 300,000
25,000 shares of £20 each, £3 paid	75,000
25,000 shares of £20 each, £1 paid	25,000
110,000 shares	£ 400,000
Uncalled liability of £15 per share on 60,000 shares	900,000
Uncalled liability of £17 per share on 25,000 shares	425,000
Uncalled liability of £19 per share on 25,000 shares	475,000
Unissued—	
40,000 shares of £20 each	800,000
Authorized: 150,000 shares of £20 each	£ 3,000,000

(b) Authorized by 1912 Act

Authorized capital increased to 250,000 shares of £20 each	£ 5,000,000

(c) Authorized and issued by 1920 Act

Issued—

100,000 shares of £20 each, £5 paid	£ 500,000
Cancelled and replaced by 1,200,000 shares of £2 each, 15/ paid.	
Uncalled liability of £1/5 per share on such 1,200,000 shares of £2 each	1,500,000
25,000 shares of £20 each, £3 paid	75,000
To be cancelled when £5 paid and replaced by 300,000 shares of £2 each 15/ paid.	
Called liability of £2 per share on such 25,000 shares of £20 each	50,000
Uncalled liability of £1/5 per share on such 300,000 shares of £2 each	375,000
25,000 shares of £20 each, £1 paid	25,000
To be cancelled when £5 paid and replaced by 300,000 shares of £2 each, 15/ paid.	
Called liability of £4 per share on such 25,000 shares of £20 each	100,000
Uncalled liability of £1/5 per share on such 300,000 shares of £2 each	375,000
150,000 shares of £20 each becoming 1,800,000 shares of £2 each	£ 3,000,000
Statutory reserve fund forming part of capital	600,000

Unissued—

700,000 shares of £2 each	1,400,000
Authorized: 2,500,000 shares of £2 each	£ 5,000,000

(d) Authorized by 1936 Act

Authorized capital of £5,000,000 converted into 2,500,000 5 per cent non-cumulative preference shares of £1 each	2,500,000
Convertible into preference stock, and 2,500,000 ordinary shares of £1 each	2,500,000
	£ 5,000,000

(e) Present authorized issued capital

Issued—

5 per cent non-cumulative preference stock fully paid	1,766,160
1,766,160 ordinary shares of £1 each, 2/6 paid (including 6,600 shares disclaimed by trustees in bankruptcy)	220,770
Uncalled liability of 17/6 per share on such 1,766,160 ordinary shares of £1 each	1,545,390
	£ 3,532,320

Unissued—

733,840 5 per cent non-cumulative preference shares of £1 each	733,840
733,840 ordinary shares of £1 each	733,840
Authorized:	£ 5,000,000

3. Changes in company's capital structure resulting from plan if approved.

(a) Final Result

Issued—

5 per cent cumulative preference stock, fully paid (transferable in units of 10/) after returning to preference stockholders 10/ in respect of each £1 stock held.	£ 883,080
Ordinary stock, fully paid (transferable in units of 2/6) after cancelling uncalled liability of 17/6 per share and after cancelling 6,600 disclaimed ordinary shares	219,945
Unissued—	**£ 1,103,025**
700,000 5 per cent cumulative preference shares of £1 each (convertible into 5 per cent cumulative preference stock)	700,000
700,000 ordinary shares of £1 each (convertible into ordinary stock)	700,000
Authorized:	£ 2,503,025

(b) How eventual amount of issued ordinary stock determined

1,766,160 ordinary shares of £1 each, 2/6 paid	220,770
6,600 ordinary shares being cancelled on which 2/6 paid which is to be transferred to company's capital reserve account	825
	£ 219,945

(c) How eventual number unissued preference and ordinary shares determined

The company in its balance sheet now carries an amount of £27,796 in a forfeited share account, being capital formerly paid up on 33,840 former shares of £2 each forfeited for nonpayment of calls, which shares, subsequent to 1936, are represented by 33,840 unissued preference shares of £1 each and 33,840 unissued ordinary shares of £1 each. Under the plan these are to be cancelled and the £27,796 formerly paid up thereon are to be transferred to the capital reserve account, a new account. Thus the presently unissued authorized 733,840 preference shares and 733,840 ordinary shares will be reduced to 700,000 shares of each class, e.g.

Preference £1 shares authorized by 1936 Act £2,500,000	
Repayment on issued preference stock	833,080
Preference £1 shares to be cancelled	33,840
Preference stock to be outstanding	883,080
Balance £1 preference shares unissued	700,000
£ 2,500,000	£ 2,500,000

Ordinary £1 shares authorized by 1936 Act £2,500,000	
Uncalled liability of 17/6 per share to be cancelled	1,545,390
Capital paid up on forfeited shares	825
Ordinary £1 shares to be cancelled	33,840
Ordinary stock to be outstanding	219,945
Balance £1 ordinary shares unissued	700,000
£ 2,500,000	£ 2,500,000

4. Disclaimed and forfeited shares

(a) 6,600 Ordinary shares £1 each, 2/6 paid. Disclaimed by bankruptcy trustees

(i) Two of the company's ordinary shareholders,

Roland Gordon Stanley Mahony, holding 100 shares Nos. 1672272 to 1672371,

Humphrey Eugene Keogh, holding 6,500 shares, Nos. 1486725 to 1488724 and 1659323 to 1663822,

went into bankruptcy in England and by notices to the company respectively dated August 25, 1939 and January 29, 1943 their trustees in bankruptcy disclaimed the shares, on which only 2/6 had been paid, held by these bankrupts. This the trustees in bankruptcy were entitled to do by the British Bankruptcy Act, 1914 (4-5 Geo. V s. 54) and had the effect of discharging the trustee and releasing the bankrupt and his property from liability in respect of the disclaimed property.

(ii) In view of these notices the company's directors on May 6, 1943 passed resolutions that such shares be regarded as having been forfeited on March 31, 1943. Section 20 of company's charter (9-10 Ed. VII Chap. 168) gives the company a first lien on all shares for the holder's liabilities to the company and the directors power to forfeit such shares if the holder defaults in payment of any amount actually due and payable to the company in respect thereof.

(iii) The London Stock Exchange objected to this forfeiture (on the ground that the directors had no power to forfeit shares on which there was no default in payment of calls thereon) and the company's directors on August 1, 1944 therefore passed a resolution that for the purposes of the company's balance sheet the above shares shall not be regarded as having been forfeited but that it be indicated on the balance sheet that those 6,600 shares had been disclaimed by trustees in bankruptcy.

(b) 33,840 shares £2 each, 15/ paid forfeited

(i) These shares were held by 15 shareholders (list available with names, individual amounts paid on call and share and certificate numbers)

(ii) On a call of 5/ being made on October 31, 1934, and of 2/6 on December 12, 1935, an aggregate of £2,416·4·1 was paid by these shareholders, the paid up capital on these £2 shares therefore being

33,840 shares 15/ paid	£25,380·0·0
Calls partly paid ..	2,416·4·1
	£27,796·4·1

(iii) As full call not paid by these shareholders, company's directors after due notice March 20, 1936, passed resolution pursuant to by-law 1 section 32 forfeiting these shares.

(iv) Since forfeiture above amounts paid up on these shares have been shown in the company's balance sheet in "Forfeited shares account".

5. Present stockholdings and shareholdings of the company

The majority of these are in Britain, viz:

	In Canada	In Britain	Total
Preference stock ..	£59,338	£1,706,822	£1,766,160
Ordinary shares ..	52,077	1,714,083	1,766,160

The number of holders registered in Canada is 34 and the number of Canadian holders on London register is 3.

6. Approval of plan by preference stockholders and ordinary shareholders and the company

(a) The plan for the reorganization of the capital of the company is contained in special by-law 'A' which was submitted to the preference stockholders, and the ordinary shareholders in separate general meetings and also to an extraordinary general meeting of the company, all held for the purpose in London, England on August 7, 1947.

(b) The notices calling the meetings were accompanied by an explanatory letter of the President (Rt. Hon. Lord Greenwood) and copy of the special by-law 'A' containing the plan for the reorganization of the capital of the company.

(c) At such meetings the special by-law 'A' was sanctioned and confirmed by the following vote:

Meeting	Nominal Value Outstanding	Nominal Value Represented	For Resolution	Against Resolution
Preference stockholders	£1,766,160	£ 967,652	£ 962,722	£4,930
Ordinary shareholders	1,766,160	874,718	872,468	2,250
Company	3,532,320	1,827,031	1,819,851	7,180

(See certificate of Price, Waterhouse & Co. August 7, 1947, who also certified therein that necessary quorum was at all times present).

(d) Under the company's charter (9-10 Ed. VII Chap. 168 Section 10) directors are empowered to make by-laws for the purposes inter alia of disposal of forfeited shares and proceeds thereof, decreasing share capital and conversion of partly paid shares into fully paid-up shares.

Directors' action however must be sanctioned "by the shareholders by a vote of not less than two-thirds in value of the shares of capital stock represented at a general meeting of the company called for the purpose". Such by-laws must also be "confirmed by a certificate of the Minister of Finance (of Canada) under the authority of the Treasury Board".

(e) It may be noted that in fact special by-law 'A' was sanctioned and confirmed at the three separate meetings by three-fourths in value of the preference stock and ordinary shares represented at each meeeting which is the percentage required for approval of a compromise or Arrangement between a company and its shareholders under the Canadian Companies Act (section 122) had such Act been applicable to the company.

7. Reasons for the proposed reorganization of the company's capital

(a) Insofar as the disclaimed shares and forfeited shares are concerned to tidy up and simplify the company's balance sheet;

(b) Insofar as the reduction of authorized capital and cancellation of uncalled liability on ordinary shares are concerned, additional capital is not required by the company under present conditions, viz, the company on its last balance sheet at March 31, 1947, showed assets of £2,481,117, of which £902,023 were in British Government securities and £223,711 in Canadian Government securities which constitute more liquid capital than it needs or than can be used for the company's purposes;

(c) In so far as the repayment of 5 per cent preference capital is concerned, the preference stockholders are largely in Britain, the company does not make loans there and the company has these liquid asset investments in Britain of £902,023 which under present foreign exchange control regulations cannot be converted into Canadian dollars for use in

Canada in the company's business of making loans.

It may be noted that

I. the company formerly had substantial amounts of outstanding debentures and debenture stock (in 1939 £611,817.10.0 in debentures and £735,484.0.0 in 4 per cent debenture stock) all of which have now been repaid;

II. under the plan the company's paid up capital will undergo a reduction from £1,986,930 to £1,103,025 and in the directors' opinion this will be adequate for the company's purposes for the time being; and

III. the British Association of Investment Trusts and the British Insurance Association Investment Protection Committee recommended their interested members to vote in favour of the plan.

8. Effect of plan on the company's creditors, stockholders and shareholders

(a) On creditors: Last balance sheet of company shows that liability to sundry creditors, including provision for taxes, only amount to comparatively small amount of £90,047. (of this £78,000 was British and Canadian income tax liability since paid).

(b) On preference stockholders: They will receive a cash payment of 10/ in the £1 and will be the owners for the future of a 5 per cent security with cumulative dividend rights.

(c) On ordinary shareholders: They will be relieved of an uncalled liability of 17/6 on each share held and their dividend prospects will be improved as the result of the reduction by 5 per cent in the amount of preference capital ranking before them.

9. Business of the company

The company carries on the business in Canada of lending, advancing and investing its moneys and funds, purchasing or investing its moneys in mortgages of land and in Canadian and British public securities, and of acquiring and dealing in lands, and of acting as financial agents. In England the company's business is purely direction and administration, and to obtain funds for the company when required.

THE SENATE

Thursday, February 5, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Q, an Act for the relief of Florence Joyce West Shannon.

Bill R, an Act for the relief of Alice Cecilia Anne Magniac Bailey.

Bill S, an Act for the relief of Valerie Jean Lewis Samson.

Bill T, an Act for the relief of William Neville Buckingham.

Bill U, an Act for the relief of Marguerite Elsie Dunan Currie.

Bill V, an Act for the relief of Ellen Catherine Holder.

Bill W, an Act for the relief of Doris Amy Peate Taylor.

Bill X, an Act for the relief of Kenneth Elliott Mitchell.

Bill Y, an Act for the relief of Margaret Craig Carmichael Nicholson.

Bill Z, an Act for the relief of Hilda Emily Brown.

Bill A-1, an Act for the relief of Joan Ruth Grimble Campbell.

Bill B-1, an Act for the relief of Raymond Masse.

Bill C-1, an Act for the relief of Barbara Mary Day Duffy.

Bill D-1, an Act for the relief of Joseph Dunn.

Bill E-1, an Act for the relief of Rena Victoria Rabin Wolfe.

Bill F-1, an Act for the relief of Frederik Smith.

Bill G-1, an Act for the relief of William Thomas Wright.

Bill H-1, an Act for the relief of Marie Antoinette Aubut dit Cimon Charron.

Bill I-1, an Act for the relief of James Arnold Wells.

Bill J-1, an Act for the relief of Magdelena Kleiziute Testart.

Bill K-1, an Act for the relief of Hazel Shirley Elizabeth Hart Layton.

Bill L-1, an Act for the relief of Irene Morgan Neilson.

Bill M-1, an Act for the relief of Elerick Montgomery Barton.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE, with leave of the Senate, next sitting.

THE SENATE CHAMBER

ATMOSPHERIC CONDITIONS

Hon. Mr. PATERSON moved:

That the Committee on Public Buildings and Grounds be authorized to inquire into and report upon the method of ventilation, heating and air conditioning of the Senate Chamber, with a view to improving the system.

He said: Honourable senators, this motion is more or less self-explanatory. I personally have not suffered from the down-draft from the east windows, but I know there has been considerable complaint about it from honourable members opposite. A similar condition which existed in another place was rectified, and after making some inquiries I believe that if the question of the condition here were referred to a committee, facts could be brought out which would show that it could be remedied. Some honourable senators may go further with the matter if they feel called upon to do so.

Hon. Mr. EULER: Honourable senators, I am not sure that I am in order, but I think it would be quite proper for the Committee on Public Buildings and Grounds to look also into the question of the heating of all the rooms, especially in this end of the building. During the past two weeks, because of the cold, it has been almost impossible for some honourable senators to remain in the rooms which have been assigned to them. I do not know whether this is due to a lack of proper heating arrangements or not. If the government is trying to save coal, I think it is entirely wrong for it to persist in such a policy, because honourable senators are entitled to rooms which are properly heated.

Hon. Mr. HORNER: Honourable senators, I certainly think something should be done about the atmospheric conditions of this chamber, and I also should like to see the lighting system improved. The lighting in this chamber is certainly out of date. The lights are so placed that they shine in our faces unless we turn to the wall, rather than behind us. I find it almost impossible to see here. I think the lights should be set along both sides of the chamber.

Speaking of the draft in the chamber, I have noticed that several honourable senators have taken bad colds while sitting here. I think it should be possible, without too much expense, to do something which would correct this condition.

The motion was agreed to.

NORTHWEST TERRITORIES BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill D, an Act to amend the Northwest Territories Act.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill I, an Act respecting the appointment of auditors for National Railways.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Tuesday, February 3, the consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. GUSTAVE LACASSE: Honourable ladies and gentlemen, may I at the very beginning of my speech refer as gently as possible to the little incident which took place in this chamber when I secured the gracious permission of His Honour the Speaker to adjourn the debate? Let me say, in order to keep the record straight, that I never at any time intended to accuse my honourable friend from St. Jean Baptiste (Hon. Mr. Beaubien), Assistant Whip on this side, of trying to shut off the flow of free discussion in the Senate. The expression I used was what we call in French *une boutade*—I do not know of any English word which corresponds to it exactly —and I regret that he failed to take it as such. I hope this brief explanation will satisfy my honourable friend, just as I afterwards felt satisfied with his.

Hon. A. L. BEAUBIEN: Thank you for the apology.

Hon. Mr. LACASSE: I join with all honourable ladies and gentlemen who complimented the mover (Hon. Mr. Ferland) and seconder (Hon. Mr. Gershaw) of the address in reply to the Speech from the throne, whom I especially congratulate upon placing the debate on such a high plane from the start. I may add that in all my years of service as a senator I have seldom listened to a discussion that was so interesting throughout. The fourteen speeches that have been delivered so far in the debate have been most substantial and well documented. That is especially true of the one in which my honourable friend from Inkerman (Hon. Mr. Hugessen) presented to us such a masterly description of the present international situation. If I may be permitted, I might sum up his whole speech in one cryptic sentence, as follows: We have won a war, which three years afterwards, we are not quite sure we did not lose.

It was a grand thing to hear from the lips of my friend from DeSalaberry (Hon. Mr. Gouin) the old slogan, "Charity begins at home"—it has been many years since we heard that formerly familiar slogan—and at this stage of the debate I appeal to the indulgence of honourable members, as I doubt whether my humble effort will match the eloquent speeches that have preceded it. It appears that only two of the previous speakers touched upon the question to which I intend to address myself this afternoon, namely taxation, more particularly income tax. I shall therefore be relieved of the worry of annoying honourable senators by repeating what they already have heard. My honourable friend, the senator from Kingston (Hon. Mr. Davies) and the honourable lady senator from Peterborough (Hon. Mrs. Fallis) made very interesting statements about taxation. I now ask my honourable colleagues to bear with me a few moments as I present some additional remarks on this important and most urgent subject.

It is to the credit of this house that by persuading the government, first, to restrict retroactive inspection and responsibility for taxes to the usual six-year period, and second, to set up an appeal board to deal with legitimate grievances of all Canadian taxpayers, the taxation picture has already been improved to a considerable extent. But I submit that there is still room for improvement, and I appeal to the government representative in this house to convey the suggestions I am about to offer to the proper authorities at his earliest possible convenience.

It is mainly in the name of heads of large families that I raise my voice this afternoon—and I believe that I can claim some authority for doing so. Caught between the heavy burden of taxation and the high cost of living,

any man of modest means who has family responsibilities has a very hard time today trying to make both ends meet. Nobody heard him grumble when there was a war to be won, but now that the struggle is over he is eagerly looking for some measure of relief, and he is more impatient about the situation when he is informed, as my honourable friend from Peterborough has already said, that the government has a large surplus over and above necessary expenditure.

I know that the reply of some honourable gentlemen will be that Canadian fathers and mothers are now enjoying the benefit of family allowances. That is true. But of what use is the family allowance after the children have passed the statutory age, and of what use is it when the children who have reached the age of twenty-one want to justify the sacrifices already made in order to prepare themselves for further study in the universities? May I respectfully recommend that university students be included in the list of those who entitle a taxpayer to statutory exemption, in the same way that nurses in training have been included in the past.

The government, or more specifically the Taxation Division of the Department of National Revenue, is today distributing a booklet called the *Farmers Income Tax Guide and Farm Account Book*. I hold a copy in my hand. I was most interested to see in the explanatory document which accompanies the book, these three lines:

> The "three year average," which commenced in 1946, is explained in detail. By this system the farmer gets a chance to match good and bad years.

For years this has been a pet idea of mine. It has been the more or less justified habit of the governments of all members of the British Commonwealth of Nations to look towards England for inspiration in the enactment of new laws. I do not question that attitude, but I say that when, beyond dispute, there is something good to be copied, it is too bad that we do not adopt it; and although that clause setting up the three-year average has been, I understand, on the statutes of Great Britain for years, nobody in Canada thought of copying it until 1946. I think it is high time that we went one step further and extended the principle of that clause to industry, and particularly to small industries. If one small industry happens to succeed well during one particular year it must pay high taxation, even though it is "flat" for two or three subsequent years. That, I think, is a most unfair state of things. The principle of the three-year average is a very sound one, and its application to small industries, especially industries which had no reserves when the war came along, would be most beneficial.

That is the second suggestion I offer today; and on both scores I hope you will believe me when I say that I know what I am talking about.

Another recommendation I wish to make is intended to remedy a situation of which many people are complaining—the too high rate of interest on tax arrears. A good many people in Canada have failed through no fault of their own to meet their obligations to the government. Here again I pray you to believe that I know what I am talking about. When misfortune hits your home, and in order to face unpredictable difficulties you are called upon to draw on whatever reserve you may have, it is mighty hard to meet the situation and pay 8 per cent interest on your arrears. We all know that the interest which most financial institutions today can get on their investments is not more than 3½ to 4½ per cent. Here, again, I happen to know what I am talking about. One is authorized by law to invest money in private loans with a return of maybe 5 or 6 per cent; but the government demands that we pay to it, "through the nose", at the rate of 8 per cent. By approving a demand of this kind we are suporting *un état usurier*. That is what the government of my country is doing today, and I do not brag about it. I am, indeed, ashamed to have to mention it, but one must remain faithful to the truth. I suggest therefore that a revision by way of an interest reduction be considered at the earliest possible moment.

All in all, I do not question the soundness of the principle of income tax. As to the application of that principle I have my own reservations. I do not wish to go back to the Great Flood, but I think it would be well to remind honourable senators what a prominent philosopher of a bygone century thought about income tax. Here is what he wrote for posterity to read:

> In whatever city, where income tax exists honesty is penalized and crookedness rewarded.

That was said, not by some great modern statesman or economist, but by none other than the immortal Plato, author of *La Cité Parfaite*,—"The Perfect City". There is much truth in that statement, as well as clear evidence of mature and intelligent observation. If it was true 300 years B.C., it is true today because human nature has not changed.

This invites me, honourable senators, to review the disastrous results of over-prolonged heavy taxation; but I shall refrain from doing so, except to say that taxes belong to the family of necessary evils. Nobody likes a tax, but everyone has to pay it in one form or another, unless he already has been ruined by it and left without anything to pay it with. When such is the fate of an odd one here and there it matters little, and we say "Too bad, but the common good must prevail." But when more and more become the victims of excessive taxation, and whole communities are bankrupted, it becomes a matter of public concern; and the more so when this condition spreads to the nation at large. During the long period of economic depression and unemployment which Canada experienced between 1930 and 1938 we came to know something of the calamities which such conditions bring with them. Nobody wants to see such a situation again. So let us bear in mind that sky-high taxation all around is bound, if not lowered in time, to bring back similar and possibly many-times-worse conditions, with their cortege of destruction of credit, foreclosures, broken homes, disrupted families, and all sorts of other miseries, leading to a general dislocation of our social and economic structure, along with a complete breakdown of moral comfort and individual initiative. Such dangers are so imminent, honourable senators, that voices which carry a good deal more authority than my own have already begged the government to lower taxation, on the ground that a minimum of material comfort is indispensable to the practice of Christian and social virtues.

The clamour is getting more and more vociferous throughout the land, and no government which owes its existence to democratic institutions can ignore it much longer. I understand that the Prime Minister himself, in a speech he delivered in another place a few days ago, gave us a ray of hope that action will be taken in the right direction. No astute statesman could do otherwise; and I again compliment him on his good judgment and clear understanding of the problems of the day.

In conclusion, I hope that no honourable senator will interpret this speech of mine as an unfair criticism of the government's policy. I have simply endeavoured to discharge my duty according to the noble traditions of this honourable body, by offering what I sincerely believe to be constructive suggestions. I am confident that the representative of the government in this house will convey my suggestions to the powers that be in the same spirit of loyal co-operation as I have presented them. Honourable senators, I thought that now was the time and here was the place to speak as I have spoken, and I trust that all present share my views in that regard.

Hon. Mr. ASELTINE: Is the honourable senator sure that the rate is 8 per cent on income tax which is in arrears? I thought it had been reduced to 5 per cent, or perhaps 4½ per cent.

Hon. Mr. McINTYRE: For the information of my honourable friend, I may say that the rate on arrears of income tax due for four or five years is 5 per cent up to the time they are assessed. After they are assessed, if not paid within a certain time, the rate is raised from 5 per cent to 8 per cent.

Hon. A. L. BEAUBIEN, (for Hon. Mr. Farris), moved the adjournment of the debate.

The motion was agreed to.

DOMINION WATER POWER BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill P, and Act to amend the Dominion Power Act.

He said: Honourable senators, I have asked the honourable senator from Medicine Hat (Hon. Mr. Gershaw) to explain this bill.

Hon. F. W. GERSHAW: Honourable senators, I must thank the leader of the government for assigning to me the task of explaining this measure.

The object of this bill is simply to amend the Dominion Water Power Act and to make it clear that the Department of Mines and Resources has the authority to develop water power on lands belonging to the Dominion Government directly in the name of the Crown.

The officers of the Department of Mines and Resources hold that they have such authority, but the Department of Justice feels there is some doubt. Therefore, in order to have the situation made absolutely clear, it is proposed to amend Section 12 of the Dominion Water Power Act by adding paragraph (p), which provides that permission be given for the construction, maintenance and operation by the minister of any undertaking upon lands of the Dominion.

The question has come up because the Department of Mines and Resources has a water power system under construction on the Snare River, some ninety miles north and west of the town of Yellowknife. The question does not involve the advisability of pro-

ceeding with the work, but of granting authority to do the work. I have the full particulars of this undertaking here. The project was started in 1946 as the result of an Order in Council, and estimates were passed in 1946-47 and again in 1947-48. The Order in Council was worded in such a way as to mean that parliament had granted authority to start this work. The project will develop power for mining, smelting and other similar plants. This short amendment was put in just to make the situation clear.

The motion was agreed to, and the bill was read the second time.

The Senate adjourned until Tuesday, February 10, at 8.30 p.m.

THE SENATE

Tuesday, February 10, 1948.

The Senate met at 8.30 p.m., the Acting Speaker (Hon. A. B. Copp, P.C.) in the Chair.

Prayers and routine proceedings.

INDIAN ACT

JOINT COMMITTEE—MESSAGE FROM HOUSE OF COMMONS

The Hon. the ACTING SPEAKER: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved,—That a joint committee of the Senate and the House of Commons be appointed to continue and complete the examination and consideration begun by a joint committee of the Senate and the House of Commons, pursuant to a resolution of the house on May 13, 1946, and continued by a commission under the Inquiries Act, appointed by Order in Council P.C. 3797, dated the 11th day of October, 1946, and further continued by a joint committee of the Senate and the House of Commons, pursuant to a resolution of the house on February 13, 1947, of the Indian Act, Chapter 98, R.S.C. 1927, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, the following matters:

1. Treaty rights and obligations.
2. Band membership.
3. Liability of Indians to pay taxes.
4. Enfranchisement of Indians both voluntary and involuntary.
5. Eligibility of Indians to vote at dominion elections.
6. The encroachment of white persons on Indian reserves.
7. The operation of Indian day and residential schools.
8. And any other matter or thing pertaining to the social and economic status of Indians and their advancement which, in the opinion of such committee, should be incorporated in the revised act.

That the following members be appointed to act on behalf of the House of Commons on the said joint committee, namely:

Messrs. Arsenault, Brown, Brunelle, Bryce, Blackmore, Case, Castleden, Charlton, Church, Farquhar, Gariepy, Gibson (Comox-Alberni), Glen, Harkness, Little, Matthews (Brandon), MacLean, MacNicol, Raymond (Wright), Reid, Richard (Gloucester), Stanfield.

That a message be sent to the Senate requesting their honours to appoint senators to act as members of the Senate on the said special joint committee.

That the records, exhibits and evidence received and taken by the joint committee during the last two sessions of parliament and by the commission aforesaid, be made available to the said joint committee and made part of the records thereof.

That the said committee have power to appoint from its members such subcommittees as may be deemed advisable or necessary to deal with specific phases of the problem aforesaid with power to call for persons, papers and records, to examine witnesses under oath and to print such materials from day to day as may be ordered by the committee for the use of the committee and members of the House of Commons and the Senate.

That the said committee shall report from time to time and that the provisions of Standing Order 65 limiting the number of members on special committees be suspended in relation thereto, and that a message be sent to the Senate to acquaint their honours therewith.

Honourable senators, when shall this message be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill N-1, an Act for the relief of Adelaide Margaret Munn Bain.

Bill O-1, an Act for the relief of Gwendolyn Beulah Russell Denenfeld.

Bill P-1, an Act for the relief of Miriam Salomon Starr.

Bill Q-1, an Act for the relief of Laura Krause Suffrin.

Bill R-1, an Act for the relief of Jean Fullarton Craig Walker.

Bill S-1, an Act for the relief of William Hesketh.

Bill T-1, an Act for the relief of Janet Alice Smith Bennett.

Bill U-1, an Act for the relief of Gwendoline Elizabeth Hunt Edmund.

Bill V-1, an Act for the relief of Reta Mabel Welch Gilbert.

Bill W-1, an Act for the relief of Leah Shrimer Schanker.

Bill X-1, an Act for the relief of Doris Mary Stratton Stuart.

The bills were read the first time.

The Hon. the ACTING SPEAKER: When shall the bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, next sitting.

DOMINION WATER POWER BILL

THIRD READING

Hon. WISHART McL. ROBERTSON moved the third reading of Bill P, an Act to amend the Dominion Water Power Act.

Hon. Mr. LEGER: Honourable senators, would the leader of the government be breaking confidence by telling us what water power development the Crown has in contemplation?

Hon. Mr. ROBERTSON: I am not in a position at the present time to give that information. Perhaps the honourable senator from Medicine Hat (Hon. Mr. Gershaw), who explained the bill, would do so.

Hon. Mr. GERSHAW: Honourable senators, the Department of Mines and Resources for the past year and a half or two years has been working on a plan to develop power on the Snare river, north and somewhat west of the town of Yellowknife, which is 800 miles north of Edmonton and in the centre of the rich new mining development in the Northwest Territories.

The cost of developing the power will be about $3,000,000, and the cost of distributing it will be another $1,000,000 or so. Power will be supplied to the Consolidated Mining and Smelting Company, the Giant Yellowknife mine, the Negus mine and the town of Yellowknife, which has a population of three or four thousand people.

Arrangements have been made for a return of capital investment. The department has ascertained that these mines have ore blocked out for at least fifteen years of processing, at the end of which the interest and principal will all be returned to the government.

It is necessary that the government build this plant, because private concerns would not undertake so large an expenditure. The project was authorized first by order in council. Last year's estimates contained an item to cover the cost, and this received the authorization of the House of Commons. A similar item appears again in this year's estimates. It is the view of the Department of Mines and Resources that up to the present it has been operating under the authority of the estimate put through last year, and the legal advisers of the department feel that it has a perfect right to build the plant on Dominion Government land in the name of the Crown. However, as some question has been raised by the law officers, this amendment is proposed to make the situation clear, and for the direct purpose of developing a power site on the Snare river in that mining district.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. A. W. ROEBUCK moved the second reading of Bill K, an Act to incorporate People's Fraternal Order.

Some Hon. SENATORS: Explain.

Hon. A. W. ROEBUCK: I think there is not very much to explain, honourable senators. This bill proposes an ordinary incorporation of a fraternal organization, approved, I believe, by the department, and of course will be referred to whatever committee the leader of the government side may determine.

Yet there is something which perhaps is worth telling to honourable senators. A number of years ago a group of Hungarian Canadians in the city of Hamilton organized what was known as the Canadian Hungarian Mutual Benefit Federation, which for a considerable time carried on its activities in the Hungarian language among new Canadians of that origin in Hamilton and vicinity. It was fraternal in character as well as in its charter, including among its activities such things as health education, acrobatics and plays. Later a group of Czechoslovakians joined the society, and these were followed by a number of English speaking people of Anglo-Saxon origin. Thus it became necessary to have three divisions of the society—Hungarian, Czechoslovakian and Anglo-Saxon—each carrying on in its respective language. In 1927 the Canadian Hungarian Mutual Benefit Federation was incorporated under the laws of Ontario, and in 1934 the name was changed to Independent Mutual Benefit Federation. From this change the society grew very rapidly, and at the present time has a membership of approximately 6,000 across Canada—one-third of this number being women and children—and has developed into a family organization for social as well as fraternal and mutual-aid purposes and activities. The management now feel that the time is ripe to secure dominion incorporation, under some such name as the People's Fraternal Order.

I suggest that the bill, if given second reading, be referred to the appropriate committee.

Hon. Mr. CRERAR: May I ask my honourable friend if this is a new name? Hitherto this organization has not been known as the People's Fraternal Order.

Hon. Mr. ROEBUCK: No.

Hon. Mr. CRERAR: It occurrs to me that some objection might be taken to the all-embracing term "people's", and its application to one organization. This may not be a "people's" fraternal society any more than any other fraternal organization. That is one point that should be cleared up when the bill goes to committee.

Hon. Mr. ROEBUCK: I see that there might be objection to a name of that character. No doubt that matter will be gone into when the bill goes to committee. It has been the practice to ascertain whether the department has any objection to a proposed name. Evidently the department has reported that this name is not objectionable. However, that will not stop the inquiry suggested by the honourable senator from Churchill (Hon. Mr. Crerar).

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROEBUCK moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill Q, an Act for the relief of Florence Joyce West Shannon.

Bill R, an Act for the relief of Alice Cecilia Anne Magniac Bailey.

Bill S, an Act for the relief of Valerie Jean Lewis Samson.

Bill T, an Act for the relief of William Neville Buckingham.

Bill U, an Act for the relief of Marguerite Elsie Dunan Currie.

Bill V, an Act for the relief of Ellen Catherine Holder.

Bill W, an Act for the relief of Doris Amy Peate Taylor.

Bill X, an Act for the relief of Kenneth Elliott Mitchell.

Bill Y, an Act for the relief of Margaret Craig Carmichael Nicholson.

Bill Z, an Act for the relief of Hilda Emily Brown.

Bill A-1, an Act for the relief of Joan Ruth Grimble Campbell.

Bill B-1, an Act for the relief of Raymond Masse.

Bill C-1, an Act for the relief of Barbara Mary Day Duffy.

Bill D-1, an Act for the relief of Joseph Dunn.

Bill E-1, an Act for the relief of Rena Victoria Rabin Wolfe.

Bill F-1, an Act for the relief of Frederik Smith.

Bill G-1, an Act for the relief of William Thomas Wright.

Bill H-1, an Act for the relief of Marie Antoinette Aubit dit Cimon Charron.

Bill I-1, an Act for the relief of James Arnold Wells.

Bill J-1, an Act for the relief of Magdelena Kleiziute Testart.

Bill K-1, an Act for the relief of Hazel Shirley Elizabeth Hart Layton.

Bill L-1, an Act for the relief of Irene Morgan Neilson.

Bill M-1, an Act for the relief of Elerick Montgomery Barton.

The motion was agreed to, and the bills were read the second time.

THIRD READINGS

Hon. Mr. ASELTINE: Honourable senators, as these are all undefended divorce petitions, with leave, I move that the bills be read the third time now.

The motion was agreed to and the bills were read the third time, and passed, on division.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I had anticipated that the honourable senator who moved the adjournment of the debate on the Address in reply to the Speech from the Throne (Hon. Mr. Farris), and the honourable senator whom I had asked to deal with the motion to approve the International Convention for the Regulation of Whaling, would proceed this evening. Unfortunately, both honourable senators are unavoidably absent; so having completed the Order Paper, I have no option but to move that this house do now adjourn.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 11, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill O, an Act respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 4, examined this bill, and now beg leave to report the same with the following amendment:

Page 2, line 4, after "corporation" delete: "Provided, however, that the total value of the real estate held by or in trust for the corporation shall not at any time exceed the sum of five hundred thousand dollars."

The Hon. the SPEAKER: When shall the report be considered?

Hon. Mr. HUGESSEN: Next sitting.

PELAGIC SEALING (PROVISIONAL AGREEMENT) BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill L, an Act respecting the provisional Fur Seal Agreement between Canada and the United States of America.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 4, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

THE SENATE CHAMBER

ATMOSPHERIC CONDITIONS

On the Motion:

That it is expedient that the Houses of Parliament do approve the International Convention for the Regulation of Whaling, signed at Washington, on December 2, 1946, and that this house do approve the same.

Hon. WISHART McL. ROBERTSON: Honourable senators, I had intended to proceed with this motion, to which I had asked the honourable senator from Southern New Brunswick (Hon. Mr. McLean) to speak. However, as honourable senators are aware, difficulties have developed in the heating system of the Parliament Buildings. Not only is the temperature at an uncomfortably low level, but I am advised that it is more likely to grow worse than to improve. Consequently, I intend to ask that, except for the items relating to divorce, and the one appointing members of the Senate to the Joint Committee on Indian Affairs—neither of which should take very long—all the orders on the Order Paper stand until the next sitting of the house.

Hon. Mr. HAIG: I entirely agree with what the government leader has proposed. The only question I would ask is: Where is the honourable senator from Thunder Bay (Hon. Mr. Paterson)? He started this trouble with his motion of about four nights ago, and we have had a bad time of it ever since. Just one more motion of this kind, and we shall be frozen out of this chamber!

Some Hon. SENATORS: Oh, oh.

PRIVATE BILL

FIRST READING

Hon. Mr. JOHNSTON presented Bill G-2, an Act to incorporate Rinker Finance Corporation.

The bill was read the first time.

INDIAN ACT

JOINT COMMITTEE—MESSAGE TO HOUSE OF COMMONS

The Senate proceeded to consideration of a message from the House of Commons:

That a Joint Committee of the Senate and the House of Commons be appointed to continue and complete the examination and consideration . . . of the Indian Act, Chapter 98, R.S.C 1927, and amendments thereto, and . . . requesting their Honours to appoint senators to act as members of the Senate on the said committee, etc.

Hon. WISHART McL. ROBERTSON: In compliance with the request that the Senate join with the House of Commons in appointing a joint committee for further consideration of the Indian Act, I would move, with leave of the Senate, as follows:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses to continue and complete the examination and consideration begun by a joint committee of the Senate and the

House of Commons, pursuant to a resolution of the House on May 13, 1946, and continued by a Commission under the Inquiries Act, appointed by Order in Council P.C. 3797, dated the 11th day of October, 1946, and further continued by a joint committee of the Senate and the House of Commons, pursuant to a resolution of the House on February 13, 1947, of the Indian Act, Chapter 98, R.S.C. 1927, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, the following matters:

1. Treaty rights and obligations.
2. Band membership.
3. Liability of Indians to pay taxes.
4. Enfranchisement of Indians both voluntary and involuntary.
5. Eligibility of Indians to vote at Dominion elections.
6. The encroachment of white persons on Indian reserves.
7. The operation of Indian day and residential schools.
8. And any other matter or thing pertaining to the social and economic status of Indians and their advancement which, in the opinion of such committee, should be incorporated in the revised act.

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely:

The Honourable Senators Blais, Dupuis, Fallis, Horner, Johnston, Leger, Macdonald (Cardigan), MacLennan, McKeen, Paterson, Stevenson and Taylor.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Y-1, an Act for the relief of Hellmut Hans Karl Pokorny.

Bill Z-1, an Act for the relief of Bella Wine Rapps.

Bill A-2, an Act for the relief of Winnifred Anthony Leith.

Bill B-2, an Act for the relief of Eugene Alden Anderson.

Bill C-2, an Act for the relief of Shirley Leighton Pawson Milligan.

Bill D-2, an Act for the relief of Mary Josephine Ruth Girard Rosenberg.

Bill E-2, an Act for the relief of Leah Marcelle Pettitt Reeve.

Bill F-2, an Act for the relief of Marie Yvette Francoise Bayard Savard.

The bills were read the first time.

The Hon. the SPEAKER: When shall the bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, next sitting.

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill N-1, an Act for the relief of Adelaide Margaret Munn Bain.

Bill O-1, an Act for the relief of Gwendolyn Beulah Russell Denenfeld.

Bill P-1, an Act for the relief of Miriam Salomon Starr.

Bill Q-1, an Act for the relief of Laura Krause Suffrin.

Bill R-1, an Act for the relief of Jean Fullarton Craig Walker.

Bill S-1, an Act for the relief of William Hesketh.

Bill T-1, an Act for the relief of Janet Alice Smith Bennett.

Bill U-1, an Act for the relief of Gwendoline Elizabeth Hunt Edmund.

Bill V-1, an Act for the relief of Reta Mabel Welch Gilbert.

Bill W-1, an Act for the relief of Leah Shrimer Schanker.

Bill X-1, an Act for the relief of Doris Mary Stratton Stuart.

The motion was agreed to, and the bills were read the second time.

THIRD READINGS

The Hon. the SPEAKER: When shall the bills be read the third time?

Hon. Mr. ASELTINE: With leave of the Senate, I move that the bills be read the third time now.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, that these bills be now read the third time?

Hon. Mr. QUINN: On division!

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 12, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill H, an Act to amend the War Service Grants Act, 1944.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 4, examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. BEAUREGARD: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

VETERANS INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill G, an Act to amend the Veterans Insurance Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 4, 1948, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 1, line 13. Delete the first "of" and substitute "on."
2. Page 1, line 30. Delete "1945" and substitute "nineteen hundred and forty-five."
3. Page 2. Add the following as new clause 3:

"3. Section one of this Act shall be deemed to have come into force on the first day of April, nineteen hundred and forty-seven."

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. BEAUREGARD: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill J, an Act to incorporate National General Insurance Company.

He said: Honourable senators, the committee have in obedience to the order of reference of January 29, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. BEAUREGARD: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill M, an Act respecting the Trust and Loan Company of Canada.

He said: Honourable senators, the committee have in obedience to the order of reference of February 4, 1948, examined the said bill, and now beg leave to report the same with the following amendment:

Page 1, line 27. Add the following at the end of clause 2:— ": Provided that the return of capital under the plan to preference stockholders resident in Canada, as appearing on the Stock Register of the Company, shall be paid in Canadian currency at the official rate of exchange in effect on the date of the coming into force of this Act."

The Hon. the SPEAKER: When shall this amendment be taken into consideration?

Hon. Mr. BEAUREGARD: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill N, an Act respecting the Eastern Trust Company.

He said: Honourable senators, the committee have in obedience to the order of reference of February 4, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. BEAUREGARD: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill H-2, an Act for the relief of Simone Boily Whitelaw.

Bill I-2, an Act for the relief of Ernest Alfred Coker.

Bill J-2, an Act for the relief of Clarence William Henry Hodgson.

Bill K-2, an Act for the relief of Vera May Paulson Ward.

Bill L-2, an Act for the relief of Ruth Ethel Attwood McVicar.

Bill M-2, an Act for the relief of Henry George Halsey.

Bill N-2, an Act for the relief of George Crosby-Wilson Gray.

Bill O-2, an Act for the relief of Joseph David Ernest Paul Maysenhoelder.

Bill P-2, an Act for the relief of Myrtle Macdonald Heale Daniluk.

Bill Q-2, an Act for the relief of Robert Grincill Barnet Jones.

Bill R-2, an Act for the relief of Gertrude Katherine Margolis Bird.

Bill S-2, an Act for the relief of Cecilia Maud Wood Marshall.

Bill T-2, an Act for the relief of Beatrice Doris Haggerty Goodier.

Bill U-2, an Act for the relief of Joyce Knowles Ledoux.

Bill V-2, an Act for the relief of Robert Ernest Beadie.

Bill W-2, an Act for the relief of Grace Davie Park Parr.

Bill X-2, an Act for the relief of Jeanne Crete Benoit.

Bill Y-2, an Act for the relief of Sarah Cummings Menzies Carlin.

Bill Z-2, an Act for the relief of Annie Goldenberg Schulman.

Bill A-3, an Act for the relief of Clarice Jean Field Campbell.

Bill B-3, an Act for the relief of Georgina Claire Williscroft Bovard.

Bill C-3, an Act for the relief of Saul Jack Costin.

Bill D-3, an Act for the relief of Mary Shore Bernstein.

Bill E-3, an Act for the relief of Saul Ettinger.

Bill F-3, an Act for the relief of Lloyd Arthur Davies.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: Honourable senators when shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, I move that these bills be read the second time now.

The motion was agreed to, and the bills were read the second time, on division.

INTERNATIONAL WHALING CONVENTION

MOTION

Hon. WISHART McL. ROBERTSON moved:

That it is expedient that the Houses of Parliament do approve the International Convention for the Regulation of Whaling, signed at Washington on December 2, 1946, and that this house do approve the same.

He said: Honourable senators, I have asked the honourable gentleman from Southern New Brunswick (Hon. Mr. McLean) to speak to this motion.

Hon. A. N. McLEAN: Honourable senators, Canada is a party to several international agreements and conventions regulating whaling. There was one signed at Geneva in 1931, and another at London in 1937. The latest convention, the one to which this resolution relates, was signed at Washington on December 2, 1946. It is based on principles embodied in the London agreement of 1937 and the protocols to that agreement signed in London on June 24, 1938, and November 26, 1945.

The present resolution, based on the Washington agreements, is being fully supported by the Honourable Minister of Fisheries. He has sent to me considerable technical detail, which seems too long to place on *Hansard*, so I shall simply try to cover some of the main points. The nations represented at the Washington convention, and whose delegates signed the agreement, were: Argentina, Australia, New Zealand, Brazil, Canada, Chile, Denmark, France, the Netherlands, Norway, Peru, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the Union of South Africa.

It is necessary from time to time to revise and amend these international whaling agreements, in the light of research and new scientific information. That there is great need for world regulations covering the fishing of whales is self-evident; otherwise these valuable mammals may in time become extinct. There are, as we know, quite a few different varieties of whales, and the agreement en-

deavours to prevent the over-fishing of any species. The killing of young whales under a certain size is absolutely prohibited. Protection is given to certain kinds of female whales, and also to gray and right whales. Catches are limited in certain latitudes. Rules are laid down covering factory ships and catcher boats. Government inspectors must accompany each factory ship. Each of the contracting governments agrees to take appropriate measures to ensure the application of the provisions of the agreement, and to punish infractions of these provisions by persons or vessels operating under its jurisdiction.

A new feature which came out of the Washington convention was the establishment of a permanent international whaling commission, to be composed of one representative from each of the contracting governments. The expenses of each member of the commission are to be paid by the government he represents. The commission thus constituted will gather data pertaining to the industry, scientific information regarding the habits and other characteristcs of whales, and it will have power to amend the rules and regulations at present embodied in the schedule of the agreement, and to adopt new ones with respect to the conservation and utilization of whale resources.

I believe that Canada should take an active interest in the whaling industry, because her Arctic territory is inhabited by certain species of whales in considerable numbers.

This house was told the other day how, under a conservation agreement between Canada, the United States and some other countries, the Pacific herd of seals had increased from 200,000 to over 4,000,000. Whales, of course, are not as numerous as seals, but nevertheless this is an example of what can be accomplished under scientific conservation laws or agreements. The whale, as we know, is a very valuable mammal, producing large quantities of oil and whale-bone, and in these days, when oils and fats are so scarce, refined whale-oil can make a very valuable contribution to the world's supply of edible oils.

Unfortunately, Canada has no whaling fleet in operation at the present time, but it is hoped that she will have one in the near future.

During the recent war, whaling fleets were practically out of business; but they are being reorganized, and today England and Norway have whaling fleets which operate chiefly in the Antarctic. Japan is said to be getting her whaling fleet ready again, and Newfoundland has a fleet that carries on in the Arctic. Over the years whaling has proved profitable to the nations which have engaged in it. Should Canada enter the industry, it would give employment to quite a large number of Canadians.

As stated, the conference which met at Washington set up a commission with authority to keep in close touch with the whaling industry in all the countries where it is engaged in, and to carry out such purposes of the convention as conservation, development, and the optimum utilization of the whale resources, based on scientific findings.

The commission thus set up may from time to time make recommendations to any or all contracting governments on any matters which relate to whales or whaling or to the objects and purposes of the convention.

When at least six signatory governments, including those of the Netherlands, Norway, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, have deposited instruments of ratification, this convention will come into force with respect to those governments. It will also be binding on any government which subsequently ratifies or adheres to the convention, and will become effective on the date of the deposit of the instrument of ratification or on receipt of notification of adherence. Any contracting government may withdraw from this convention on June 30 of any year by giving notice on or before January 1 of that year.

Hon. THOMAS VIEN: Honourable senators, I am in favour of the motion to approve the agreement entered into with respect to the whaling industry. From time immemorial whaling has been a subject of interest. We could trace it back to Jonah, but we need hardly go that far. It can be said, however, that during the past two or three centuries whaling has been of considerable interest to many countries of the world, and to some of them a source of great wealth. I regret that in the past Canada has not seen fit to enter into it.

Before the recent war, by reason of competition by Germany and Japan, a condition arose in the whaling industry which made it necessary for civilized countries to enter into an agreement to protect this resource and prevent the destruction of whales. The annual catch had been reduced to 16,000, and an effort was made to prevent whale fishing during the lactation period, in certain months of the year. The agreement was adhered to by Germany and Japan until about 1936 or 1937, when Japan withdrew from it, with the result that there was an appalling destruction of whales throughout the world. Therefore, in order

to protect the industry, it is highly desirable that an international agreement be arrived at and a protocol be agreed upon.

Immediately following the recent war Japan and Germany had been pushed out of the business of whaling, and an opportunity was created for Canada to step into it. Whale oil and whale fat are now considered edible products; and whale oil has been refined to such a degree that it commands a high price in the world. This is particularly apparent at a time like this when there is an acute shortage in the supply of fats.

At the time of demobilization Canada had a fleet of corvettes, and there were other ships which could have been purchased at a reasonable price. These could have been converted into whale catchers and factory ships. Corvettes are admirably adapted for conversion into whale catchers, and no better use could have been made of them than to have so converted them.

Had Canada been in a condition to take her place in the whaling industry it would have been a God-send to this country. Unfortunately, for reasons which it would take too long to recount here, it was not feasible for her to do so at that time. Whaling was considered to be a highly speculative trade; and Canadian capital had so many proven avenues of investment that our capitalists thought it a bit fantastic to suggest that they should put their money into Antarctic whaling fleets. Yet this enterprise has proved to be a very good investment. The government of the Netherlands went so far as to subscribe several million dollars to sustain its whaling industry. The difficulty is that in times of depression, as in the years 1931 to 1934, there is an over-production of whale products, prices are depressed, and a few companies come to grief. Consequently, prospective investors are discouraged. But I think that at the earliest possible moment the Canadian Government should consider subsidizing a Canadian whaling industry in order that Canada may take her proper place as a whaling country. I am convinced that such action would produce very substantial and gratifying results.

I am wholly in favour of the agreement and the protocol, because it will not only protect the industry at large and prevent the wanton destruction of whales, but it will also protect the capital investments which have been made in this undertaking. I deplore the fact that Canada could not see its way clear to enter the field; and I suggest that, even though government assistance be involved, we would be well advised to consider the possibility of engaging in this business to produce fats and other whale products for use in this country and elsewhere.

The whaling industry is divided into four branches. In the first place we have the whale catchers—ships which go after whales and shoot harpoons from a gun. Whale catching is a much less adventurous and dangerous process than it was fifty or sixty years ago. Next there is the factory ship, to which the whales are towed by the whale catchers, and where they are hauled on deck and reduced to oil and other by-products. Then there is the land plant, which is a refinery of whale products. Finally, of course, there is the agency which distributes whale products on the markets of the world. All these branches of the whaling industry are prosperous and—particularly the land plants and the distributing agencies—offer many lines of employment which would be of great advantage economically and industrially to our Canadian people.

Therefore, while giving my support to the motion, I think it expedient and prudent to draw to the attention of the government the advisability of encouraging and assisting Canada to take her place in the whaling industry of the world.

The motion was agreed to.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE—GENERAL AGREEMENT

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Before the Orders of the Day are proceeded with, I should like to say a word or two as to our course in the immediate future. Honourable senators may recall that after I introduced the resolution for the approval of the Geneva Trade Agreements, the subject-matter of the resolution, by mutual consent, was referred to the Standing Committee on Canadian Trade Relations. Several meetings were held before the Christmas recess. Since that time there have been no further meetings, partly because I wanted to ascertain what would be the procedure as regards a probable reference of the subject-matter, or of legislation arising out of it, to a joint committee of the Senate and the House of Commons to which the Prime Minister referred some time ago. As this course will probably be the one taken, no useful purpose would be served by the Standing Committee on Canadian Trade Relations undertaking to examine witnesses other than, perhaps, those from government

departments, some of whom already have given certain evidence and information to the committee.

I therefore suggest that a meeting of the Canadian Trade Relations Committee be held next Tuesday morning; and to facilitate that meeting, I shall propose later today that the Senate adjourn until next Monday at 8 o'clock in the evening. That will give the members of the Standing Committee on Canadian Trade Relations an opportunity to decide whether they wish further to consider the general subject. Perhaps, under these circumstances, they may see fit to report at an early date, whereupon a general discussion in this house might proceed. Of course honourable senators are aware that this reference of the subject-matter to the committee does not preclude them from speaking to the resolution here if they wish to. But if we follow the course I have suggested, it would seem to me that any further information required by honourable senators, whether members of this standing committee or not, can be secured, and that in due course, but as early as possible, we might go on with the consideration of this resolution.

PRIVATE BILL

CONCURRENCE IN REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendment made by the Standing Committee on Miscellaneous Private Bills to Bill O, an Act respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

Hon. A. K. HUGESSEN: Honourable senators, I move concurrence in the report of the committee.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill, as amended, be read the third time?

Hon. Mr. HUGESSEN: With leave of the Senate, I will move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill Y-1, an Act for the relief of Hellmut Hans Karl Pokorny.

Bill Z-1, an Act for the relief of Bella Wine Rapps.

Bill A-2, an Act for the relief of Winnifred Anthony Leith.

Bill B-2, an Act for the relief of Eugene Alden Anderson.

Bill C-2, an Act for the relief of Shirley Leighton Pawson Milligan.

Bill D-2, an Act for the relief of Mary Josephine Ruth Girard Rosenberg.

Bill E-2, an Act for the relief of Leah Marcelle Pettitt Reeve.

Bill F-2, an Act for the relief of Marie Yvette Francoise Bayard Savard.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall the bills be read the third time?

Hon. Mr. ASELTINE: With the consent of the Senate, I would move that the bills be now read the third time.

The motion was agreed to, and the bills were read the third time, on division.

The Hon. the SPEAKER: Honourable senators, these bills have been read a third time and are now ready to pass.

Right Hon. IAN A. MACKENZIE: Honourable senators, I did not hear what was said by the honourable leader (Hon. Mr. Robertson) in regard to the resolution concerning the Geneva agreements. If my honourable friend would be kind enough, I should like him to give a further explanation of the proposed procedure, because I had intended, after the remarks of the honourable leader opposite (Hon. Mr. Haig), in whose name the motion stands, to say something about these agreements.

I must admit a tremendous lack of knowledge in regard to the rules of this honourable body; but first of all, when the debate on the Address was taking place, I found several of my honourable colleagues in this august chamber discussing the merits and demerits of the Geneva agreements. My limited knowledge of procedure leads me to believe that when a general order is being considered, whether it be the Address in reply to the Speech from the Throne, or anything else, the merits or demerits of a specific resolution that has been placed upon the Order Paper cannot be discussed.

Next, I found that before I was called to the Senate the debate on the resolution was adjourned by my good and honourable friend

the leader opposite (Hon. Mr. HAIG). I now learn that that resolution was referred to a committee.

The Hon. the SPEAKER: We are in the midst of putting the motion for the passing of certain divorce bills. This motion must first be disposed of; then the honourable senator may ask leave to revert to Order Number 3.

The motion now before the house is: Shall these bills pass?

Some Hon. SENATORS: Carried.

The motion was agreed to, and the bills were passed, on division.

SENATE PROCEDURE

TARIFFS AND TRADE

Right Hon. IAN A. MACKENZIE: May I rise to a question of privilege? I am not yet very familiar with the rules of this house.

Some Hon. SENATORS: Carry on.

Hon. JOHN T. HAIG: Before the honourable senator proceeds, may I say a word. Perhaps it is a little difficult for such an experienced man as my right honourable friend (Right Hon. Mr. Mackenzie) to understand our method of procedure in this chamber. We do not stick very close to rules; we never have. This condition has grown from following the practice of the House of Lords in the British parliament. In order that the honourable senator may be fully informed, it has been our practice, as to a resolution, for instance, to refer the subject matter of the resolution to an appropriate committee for consideration. In another place the various ministers are available to furnish the house with information; but there is no one here to perform that function. Therefore, in order that honourable senators may obtain the information that is necessary before voting on legislation, the minister or the officials of the department concerned are asked to appear before one of our committees.

Technically, my right honourable friend is quite correct in his stand. I spoke on the resolution concerning the Geneva agreements, and at the conclusion of my remarks I adjourned the debate. I did so because I wanted to retain the right to speak when the committee made its report. We have adopted the practice—which is not confirmed by our rules—of carrying along a debate in this way, the understanding being that when the order is called any senator may speak on it; but the order remains in the name of the person who adjourned the debate.

Right Hon. Mr. MACKENZIE: I greatly appreciate the courtesy extended to me by the honourable leader opposite (Hon. Mr. Haig), but I must say that as a newcomer here I cannot support this principle of referring legislation to committees.

A very able and accomplished friend of mine the other day introduced a bill—I will not mention the name of it—about which I knew nothing whatsoever. I was then asked, as were other honourable senators, to support the principle of the bill. My honourable friend from Churchill (Hon. Mr. Crerar) took exception to it. I too would certainly take exception to it. I think the principle of a bill should be endorsed by this chamber before the bill is referred to committee. I say this because I think that under our constitution it is an abrogation of the essential functions and duties of the second chamber of Canada to consent to, on second reading, and endorse the principle of a measure which it does not understand.

I heard something the other day about the People's Fraternal Order. I think "the people" means the people of Canada—all of the people whom we here represent, not by election but by appointment. I should like to have heard the merits or demerits of that point discussed in this chamber before the bill was referred to committee. There is an old Latin saying: *Delegatus non potest delegare*. We are all delegates by appointment from the people of the Dominion of Canada, and it is an abrogation of the essential functions of this chamber to refer measures to committee before they have been fully and freely discussed here. To refer them to committee first seems to me to be dispensing with our fundamental duties.

I do not want to appear at all arrogant or dictatorial the first time that I say a word here. The procedure in the Senate is new to me. I have, though, some little knowledge of the historic procedure of parliaments. My good friend the leader opposite (Hon. Mr. Haig) mentioned the House of Lords. I know something about the history of that institution in the Old Country, and I think the Senate of Canada should have far more independence of character and procedure than prevails there.

Hon. Mr. HAIG: I rise to a question of privilege. I did not say that our rules are the same as the rules of the House of Lords; but when the Senate was established its original rules were based upon those of the House of Lords.

Right Hon. Mr. MACKENZIE: I accept immediately the correction of my honourable friend. For years in another place I advo-

cated the alteration of the rules there; but from my short experience as a member of this honourable and august body I feel that its rules need far more alteration than do those of the other place. I say that, honourable senators, with all deference. I am not criticizing anyone at all. This chamber is part of the Parliament of Canada, and if we do not maintain our essential authority, if we give that authority to committees all the time, we are likely to be regarded as people who are unable or afraid to express our own free and independent opinions. I say that without antagonism and without any assumption of superior authority, because of course I have not got any.

I have been here ten days, and half the proceedings of this house in that time have not been audible where I sit. I suggest that the Table might very well be moved down to the centre of the chamber, and that the Clerk should, in a ringing voice, repeat every single motion that is made. I hear remarks by my good friend opposite with regard to divorce, and I hear bills introduced which I have never heard of before and am not in a position to understand. I tell you that if you want to keep this assembly the august and honourable body that it is intended to be under the Constitution of Canada, you must provide for greater clarity of expression and discussion, and fuller explanations on second readings before measures are referred to any committee of this house. So far as I am concerned, I wish to reserve my rights completely as to any support that was presumed to be given by this chamber to any second reading of a bill in the last ten days. I wish to preserve my independence of thought and of action, in line with the fundamental rights of the Senate of Canada under our constitution, for free protection of the interests of the people against any special or privileged interests.

Hon. THOMAS VIEN: Honourable senators, I have listened with a great deal of interest to the remarks of the leader of the opposition (Hon. Mr. Haig) and the eloquent and courageous, or at least energetic, speech by the right honourable senator from Vancouver (Right Hon. Mr. Mackenzie), who comes to this house with all the glamour of his shining record as house leader in another place, and with all the zeal of a neophyte. When I came to this chamber I felt very much as the right honourable gentleman does now, but on my very first appearance here I received wise advice from the then leader of the government in the Senate, who is now His Honour the Speaker (Hon. Mr. King). That advice was to this effect: the atmosphere here is different from that in another place; we carry on our discussions under different conditions altogether.

It is well to remember that the Senate's rules are made for the Senate, that the Senate is not made for its rules. Our rules are flexible, and by general consent of the house and with leave from His Honour the Speaker, they are always interpreted in the most liberal way. It is, however, advisable to follow the rules as closely as possible and to infringe upon them only so far as may be necessary. Rules are the result of wisdom and experience. They have been adopted in all parliamentary institutions for the orderly conduct of debate. We can never go far wrong when we adhere to our rules as closely as possible, permitting only such flexibility in their application as circumstances may be deemed to require. That brief statement is inspired by the remarks of the honourable leader of the opposition.

I think it would not be wise to allow to pass unchallenged the implied suggestion of the right honourable gentleman from Vancouver (Right Hon. Mr. Mackenzie) that we are shirking our responsibility by sending measures to a committee before they have been thoroughly discussed in the Senate itself. That is not so at all. When a resolution or measure comes before the Senate, there is the widest possible privilege of discussion. That privilege is much wider here than it is in the other house, for our membership is by no means as numerous, and we do not have to contend with partisan political aspects and their effect on the electorate. We are, if I may so put it, the elder parliamentarians of this country, and we have a duty to consider thoroughly all matters that come before us. It is my conviction, based on my experience during the five years that I have been a member of this house, that bills receive much more consideration and are pondered on much more carefully in the Senate than in another place. What makes for good legislation is not the length of speeches, but careful consideration by people of wide experience. It is that kind of careful consideration that every legislative measure receives in the Senate; but, as pointed out by the honourable leader opposite (Hon. Mr. Haig), instead of discussing the principle of a bill at great length in this chamber it is sometimes expedient and more practical to refer it to a committee where experts will be present to answer questions and give honourable members information upon which to base their judgment. My honourable friend, if he will look, will find that there are a number of standing committees, and that most honourable senators are members of those

committees. Further, if my honourable friend sits in these committees he will observe the close attention which the members there give to the matters under consideration.

Legislation, after being considered in committee, is referred back to the house, where, under our rules, we have the privilege of amending it, not only on the motion for third reading, but even later, when the bill is ready to pass. We have, therefore, every opportunity of expressing an opinion; but it is an expedient and wise procedure that permits us, when a bill is submitted to us without sufficient information, to require the men responsible for bringing it to our attention to appear before a committee and explain the measure.

Hon. Mr. ROBERTSON: The subject-matter is referred to a committee.

Hon. Mr. VIEN: The subject-matter may be referred to a committee without honourable senators being committed to the principle of the bill.

I am quite sure that if I were in the position of the right honourable senator from Vancover (Right Hon. Mr. Mackenzie) I would feel exactly as he does. We must pay attention to legislation, and we should not brush aside our responsibilities or shift them to members of a committee in order to relieve ourselves of a little trouble in the proper consideration of that legislation. The fact is, honourable senators—and I am sure the right honourable gentleman from Vancouver will shortly realize that he has been wrong in his assumption—that the legislation which comes before this house receives all the attention and consideration it deserves.

Some Hon. SENATORS: Hear, hear.

Hon. WISHART McL. ROBERTSON: Honourable senators, may I be permitted to speak again with regard to a matter on which I thought I had made myself clear when I spoke before?

The honourable senator from Vancouver (Right Hon. Mr. Mackenzie) spoke to me on two or three occasions about the resolution to approve the Geneva trade agreement, which is standing on our Order Paper. It was my honourable friend's observations which prompted me to make the explanation which I did.

I believe that a difference of opinion has arisen because of the fact that we in this house utilize the device of referring the subject-matter, rather than the bill or resolution itself, to a standing committee. That does not mean that the bill will not in due course be fully discussed. I pointed out to the honourable gentleman that that procedure is not unknown to the other house, though, as the honourable leader opposite (Hon. Mr. Haig) has pointed out, it is indulged in less frequently there than in this house. The reason that we so frequently adopt this procedure is the lack of ability of the government representative here to supply all the necessary information to honourable senators. My honourable friend must remember that in the other house there are eighteen or nineteen ministers of the Crown, and that they, like my honourable friend when he held a portfolio, are fully informed as to the background of the particular legislation to be presented. Furthermore, these ministers, who preside over the departments, have the support of parliamentary secretaries and other personnel. Under such circumstances there could be no excuse for referring the subject-matter of a bill to a committee. In this house the full responsibility for voicing the viewpoint of the government and supplying information falls upon one person. The honourable gentleman who presides over the deliberations of the Senate and my honourable friend from Vancouver, both of whom have had long parliamentary experience, might well be able to supply adequate information on all legislation coming before this house; but I must frankly admit that I am not able to do so.

I wish to make one point clear. The fact that honourable senators have not spoken on the order in question since the subject-matter was referred to committee does not indicate that they have not a perfect right to do so. My suggestion is that we conclude the consideration of the subject-matter in committee on Tuesday next. My honourable friend was in the other house when the agreement was negotiated, and he is familiar with its background. Should he or any other honourable senator desire to discuss the Geneva trade agreement before the committee reports back to this house, I see no reason why he should not do so. Then, should further information be desired from the Standing Committee, the debate could be adjourned; and, in due course, when the committee has reported back, the debate would be continued.

I wish to assure my honourable friend from Vancouver that the procedure followed in this house is not adopted with a view to cutting off discussion or evading responsibility; it is simply a device to facilitate the securing of information which is required by honourable senators.

Hon. J. J. KINLEY: Honourable senators, I am sure we all listened with pleasure to the remarks of the honourable senator from Vancouver (Right Hon. Mr. Mackenzie), who has

recently come to us from the turbulent atmosphere of the other house. I believe his remarks were a call to action, and should have a salutary effect. May I use this occasion to add one or two thoughts on the subject?

First, I believe that we in this house too frequently suspend the rules to facilitate the passing of legislation. Legislation which is lying on the Table or in course of going through parliament is subject to public opinion; therefore enough time should be allowed to elapse to get the public reaction. The rules are designed to permit of proper delay, and a bill can go forward only one step each day. It seems to me that with the amount of work we have to do in this house it should not be necessary to suspend the rules so frequently.

One reason why there seems to be so little discussion in the Senate is that a great deal of the work is done in committees. Throughout my career in parliament I have always admired the work of the Senate committees. Their members are men of maturity and experience, and they do their work in a most impressive manner. It makes a young member of parliament feel that he has heard the voice of experience and wisdom. However, I think we might well consider adopting the practice of sitting in Committee of the Whole, for in that way members would be free to speak more than once, and would be able to contribute something to the debate without making prepared speeches. It seems to me that failure to follow this practice deprives us of the publicity which is so well merited by the great work done in the Senate upon legislation that comes up from the other place.

As to the rules, I do not think they work much damage; the fault is with ourselves when we allow things to go through without proper attention. The other day the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) introduced a bill to incorporate a "people's" society. I did not like the term "people's" in this connection; I did not think it embodied the real purpose of the bill. The principle and purpose of the bill was the incorporation of a number of persons who wanted to get together for cultural and other benefits. When the bill went to committee I said that I did not approve of the use of the word "people's", because the "people" are all the people of Canada, and to apply it to this society might give these persons an importance which they did not deserve. The honourable senator who sponsored the bill replied, "I do not like it myself," and he and I discussed one or two other terms which might be used. This took place in committee. It may be that we should have voiced our opinion on this feature of his bill when it came up for second reading.

In all kindness I would say that when a former member of the other place comes into this house, he finds that there is not the same urge that there is in the other house to keep oneself before the public and let the people know one's views. Rather, when this or that matter comes before us, there is an inclination to say, "Well, we will let it go easily." We do not do much about it. I believe there is enough experience and brains among our membership to make this place a great forum for the consideration of public affairs and the expression of views which would go out to the people of this country and prove of real value. There are men here who are well equipped to bring before this body views on matters respecting which they are eminently fitted to instruct the public. If we were to proceed along these lines we would add immensely to the value of the Senate's deliberations.

Let it not be forgotten, honourable senators, that we are the victims of circumstances. The opposition is growing steadily weaker and the government is growing steadily stronger. We are becoming complacent because the government has a very comfortable majority. It is expected of us that, to a degree, we should be loyal to the party with which we are affiliated. Too critical an attitude can hardly be expected from honourable senators who are associated with the government side; but personally I should like to see a little more controversy on matters of government policy. Ordinarily, it seems to me, it would be for us to defend legislation, and for the gentlemen who represent the opposition to put their objections before the house, and let us see where the truth lies.

The speech to which we have just listened was a call to action, and I accept it as such. So I trust, do many others. When one comes here from the House of Commons one soon realizes that in the Senate standards of ability as well as of courtesy are very high. There should be no suspicion that men come here to find a place where they can live easily and without discharging their duties as well and as diligently as though they were elected to parliament by the people of Canada. In a word, the stream to be kept pure should be kept flowing.

Hon. Mr. CRERAR: I would like to ask the leader a question. I am not clear as to what is to be the course of the legislation with respect to the approval of the so-called Geneva agreement. A motion was introduced here; there was some discussion on it; the

leader of the opposition intimated that he would prefer to have more information before he continued the discussion;—

Hon. Mr. HAIG: Correct.

Hon. Mr. CRERAR: —and, as a result, the house agreed to send the resolution—

Hon. Mr. ROBERTSON: The subject-matter.

Hon. Mr. CRERAR: Well, the subject-matter of the resolution, to the committee. I do not think there is much difference between sending a resolution and the subject-matter of a resolution to committee. Be that as it may, there was a reference to a committee, where departmental officials, and perhaps the Minister of External Affairs, could attend and enlighten honourable members of this house, including the leader opposite who wished to get some additional information as to what the whole matter was about and what its value would be to this country. If I understand aright, the leader suggested that another meeting of the committee would be held, and that thereafter this question would go to some joint committee of the Senate and the Commons. I may be wrong, however, and it is as to that arrangement that I should like to have some information from the leader.

Hon. Mr. ROBERTSON: Honourable senators will recall the procedure in relation to trade agreements: first, there are resolutions moved concurrently in both houses; then there is legislation arising out of the agreements. In this particular case the resolution was moved by myself and, after some remarks from the leader of the opposition, by general agreement the subject-matter was referred to the Standing Committee on Canadian Trade Relations. There is, I think, this distinction between the resolution and a bill: the resolution still stands on our Order Paper, whereas a bill, when referred, disappears from the Order Paper and does not reappear until the committee has reported. I take it that the reference of the subject-matter is a method of providing honourable senators with an opportunity to get additional information—information which, however, they might get, if they so preferred, from any one of a dozen sources. Ordinarily, under our practice, the committee would briefly report back to the Senate, though not usually in support or otherwise of the resolution, but rather to indicate that they had all the information they required. That, at least, was the procedure when the subject-matter of the bill on foreign exchange was referred to committee: and thereafter the discussion was resumed.

But the point I wish to make is this. As honourable senators may remember, the hearings which took place before the adjournment were limited to the receipt of information from departmental officials. No other witnesses were called, although there was some suggestion that others should be heard later. After we reassembled I consulted with the chairman of the committee, and it appeared that the officials whom it had been intended to call from the departments were not in town. So for one reason or another there have been no further meetings of the committee. What I am now suggesting is that those meetings should be resumed on Tuesday morning. How long the committee may decide to continue hearing witnesses will be for the committee to determine. But I would point out that either the resolution or legislation arising out of the resolution will in due course be referred to a joint committee of the Senate and the House of Commons. This being so, honourable senators will appreciate that to call as witnesses before our committee government officials who will be called before the joint committee a week or two later would not serve their convenience. All I am suggesting at the moment is that the committee will meet Tuesday morning and that officials of the department will be available as witnesses. It is for the Standing Committee on Canadian Trade Relations to decide how much further information it would like to get. The hearings so far have been very thorough, and if the committee do not desire outside evidence it is likely that they will report back to this house very soon.

I wish to emphasize, however, that if any honourable senator feels that he already has the information he desires, he is at liberty to continue the discussion now, even though the subject-matter has been referred to committee.

Hon. Mr. CRERAR: May I suggest that the honourable leader opposite (Hon. Mr. Haig) has adjourned the debate, and the way would have to be cleared.

Hon. Mr. ROBERTSON: Although my honourable friend (Hon. Mr. Haig) has adjourned the debate, if it is the desire of the house to have the Whip adjourn it, as was done in the case of the Speech from the Throne, I am quite sure my honourable friend opposite would be willing. That is the best explanation I can make.

Hon. Mr. LAMBERT: Is not the crux of this whole situation represented in the official words of the resolution, which reads in part as follows:

Subject to the legislation required in order to give effect to the provisions thereof.

If, after this committee has concluded its hearings, a bill is brought before both houses, then on the second reading of that bill the subject-matter again would be referred to one of our appropriate committees for discussion. It is my understanding that it is now proposed to refer the resolution to a joint committee.

Hon. Mr. HAIG: No.

Hon. Mr. LAMBERT: Will the honourable leader (Hon. Mr. Robertson) correct me if I am wrong?

Hon. Mr. ROBERTSON: I am not certain as to whether the procedure is to refer to joint committee the resolution or the legislation arising from the resolution. The point I am endeavouring to make is that our committee might possibly have called outside witnesses in addition to departmental officials, but it is not likely to do so now because a joint committee of both houses would have the opportunity of hearing outside witnesses in due course.

Hon. Mr. LAMBERT: I think this is a very important point. If my memory serves me right, there has been only one case in which the subject matter of a bill has been referred to a committee before second reading.

Hon. Mr. ASELTINE: This is not a bill.

Hon. Mr. LAMBERT: I know that. I am trying to make the distinction between a resolution and a bill. My unofficial information is that the officials who recently appeared before our committee expect to appear before a joint committee of both houses. I believe it is perfectly logical that the joint committee further examine the treaties referred to in the resolution, and that a bill be brought down later. Then, in the light of the discussions in the joint committee, this house can give the bill whatever treatment it considers proper.

Honourable senators, it is a very important point whether the principle of legislation is approved, now that its subject matter may be referred to a committee before it is given second reading. I know that in the past His Honour the Speaker expressed his view on this matter in no uncertain terms. I was ruled out of order last year when I suggested that a certain measure concerning oleomargarine be openly investigated before it was given second reading. Therefore the question to me is very clear; it is one of resolution versus bill.

The Hon. the SPEAKER: The situation is this: The order was allowed to stand, and was only reverted to by leave of the Senate. The right honourable senator from Vancouver (Right Hon. Mr. Mackenzie) then launched into argument as to the propriety of the Senate referring a resolution of this kind to a committee.

It is a well known fact that this chamber is a deliberating body. As a former leader, the late Senator Dandurand, used to say, we investigate and adjudicate. That has been the practice in this house. There are certain rules that govern our debate, and they are applied by the Speaker to the best of his knowledge. When I was government leader in this house during part of the wartime period, I brought before the house a motion authorizing the Senate to consider in committee, various financial matters before they reached the chamber in the form of a bill—legislation that ordinarily would not reach this house until the last days of the session. That has been the practice ever since, and I believe it has been a very wise one, because it has given honourable senators an opportunity to secure information that they would not get in this chamber.

In so far as this resolution is concerned, if my right honourable friend from Vancouver (Right Hon. Mr. Mackenzie) will attend one or two of our committees he will not raise an objection such as the one he has raised today, for he will see the value of our procedure not only to the members of the Senate, but to the people of Canada as well.

My honourable friend the senator from Ottawa (Hon. Mr. Lambert) has referred to the Dairy Industry Bill. In respect to bills the rule of the Senate is this: the Senate may at any time before the bill is passed, move for the reconsideration of any clause thereof already passed. This rule governs the ordinary bill. A bill before the Senate for second reading cannot be amended except by an amendment that would delay or destroy the bill. In the ordinary legislation the bill on second reading is discussed and, if passed on second reading, may then be sent to one of the standing committees for further consideration and amendment. It comes back to the house for third reading, and on third reading an objection can be taken, and the bill can be rejected or amended.

I should like to impress upon the right honourable senator (Right Hon. Mr. Mackenzie) that the procedure in this house is different from that in another place. We have certain rules that govern our debate, but they are not of the nature of those which govern debate in the House of Commons. We do not look, as they do, upon the political effect. I am quite satisfied that the procedure followed in relation to this resolution is such that any group of men would confirm it as being proper.

We are dealing here with the great problem of international trade. Representatives of this government have been in Geneva for six or seven months studying these problems in conference with world representatives. They have now returned to Canada. The government leader has placed on the Order Paper a resolution known as Order No. 3. He brought this matter to the attention of the Senate, and, to aid the members in becoming familiar with the negotiations that took place in Geneva, he suggested that the resolution could properly be referred to the Committee on Trade Relations, before which the officials who represented Canada at Geneva could be called to inform us as to what had transpired there and the results obtained by their negotiations. The Senate gave its unanimous consent to this procedure, and I do not think a point of order can properly be raised today in regard to it. If my right honourable friend is of opinion that we are not following good practice in this house, he can place a motion on the Order Paper asking that the practice and procedure in this house be reconsidered. He can then properly debate the practices that have been followed in this chamber in the past. I do think his speech today has been out of order.

Hon. Mr. KINLEY: Honourable senators, I wish to ask a question of the Chairman of the Committee on External Relations (Hon. Mr. Lambert). At the time we considered the Geneva agreement was its terminology not subject to change by the Havana conference?

Hon. Mr. LAMBERT: No. The Geneva agreement will be absolutely unaffected by anything done at Havana.

The Senate adjourned until Monday, February 16, at 8 p.m.

THE SENATE

Monday, February 16, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill G-3, an Act for the relief of Alfred Keeley.

Bill H-3, an Act for the relief of Marie Albina Ethel Dubois Howick.

Bill I-3, an Act for the relief of Ignaty (Ignas) Sokolovsky.

Bill J-3, an Act for the relief of Laura Grace Hanley Huggenberger.

Bill K-3, an Act for the relief of Eva Wolfovitch Zloty, otherwise known as Eva Wolfovitch Gold.

Bill L-3, an Act for the relief of Sheila Lightsone Marcus.

Bill M-3, an Act for the relief of Lea Alvina Mary Boulay Orr.

Bill N-3, an Act for the relief of Armand Lapierre.

Bill O-3, an Act for the relief of Georgette Ruth Cote Geller.

Bill P-3, an Act for the relief of Mary Elizabeth Ellwood Blackburn.

Bill Q-3, an Act for the relief of Annie Elisabeth Horseman Charters.

Bill R-3, an Act for the relief of Sarah Ann Older Verrier.

Bill S-3, an Act for the relief of Anna Martha Kokojachuk Waugh.

Bill T-3, an Act for the relief of Elsie Mark Farley.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

THE EXPORT AND IMPORT PERMITS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill U3, an Act to amend The Export and Import Permits Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third readings of the following bills:

Bill H-2, an Act for the relief of Simone Boily Whitelaw.

Bill I-2, an Act for the relief of Ernest Alfred Coker.

Bill J-2, an Act for the relief of Clarence William Henry Hodgson.

Bill K-2, an Act for the relief of Vera May Paulson Ward.

Bill L-2, an Act for the relief of Ruth Ethel Attwood McVicar.

Bill M-2, an Act for the relief of Henry George Halsey.

Bill N-2, an Act for the relief of George Crosby-Wilson Gray.

Bill O-2, an Act for the relief of Joseph David Ernest Paul Maysenhoelder.

Bill P-2, an Act for the relief of Myrtle Macdonald Heale Daniluk.

Bill Q-2, an Act for the relief of Robert Grincill Barnet Jones.

Bill R-2, an Act for the relief of Gertrude Katherine Margolis Bird.

Bill S-2, an Act for the relief of Cecilia Maud Wood Marshall.

Bill T-2, an Act for the relief of Beatrice Doris Haggerty Goodier.

Bill U-2, an Act for the relief of Joyce Knowles Ledoux.

Bill V-2, an Act for the relief of Robert Ernest Beadie.

Bill W-2, an Act for the relief of Grace Davie Park Parr.

Bill X-2, an Act for the relief of Jeanne Crete Benoit.

Bill Y-2, an Act for the relief of Sarah Cummings Menzies Carlin.

Bill Z-2, an Act for the relief of Annie Goldenberg Schulman.

Bill A-3, an Act for the relief of Clarice Jean Field Campbell.

Bill B-3, an Act for the relief of Georgina Claire Williscroft Bovard.

Bill C-3, an Act for the relief of Saul Jack Costin.

Bill D-3, an Act for the relief of Mary Shore Bernstein.

Bill E-3, an Act for the relief of Saul Ettinger.

Bill F-3, an Act for the relief of Lloyd Arthur Davies.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, February 5, the consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. J. W. de B. FARRIS: Honourable senators, I have been a member of this hon- a book of Churchill's speeches published by his first time I have ventured to speak on the motion for an address in reply to the Speech from the Throne. I shall not attempt to speak long enough to cover up all the lost time.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. FARRIS: I think my honourable friend opposite makes that observation with some apprehension, because he knows that at times I am given to rather long-winded speeches.

Hon. Mr. HARDY: Not at all.

Hon. Mr. FARRIS: However, first may I, in this my maiden effort, follow the accepted practice with regard to the mover (Hon. Mr. Ferland) and seconder (Hon. Mr. Gershaw) of the Address. It was not my privilege to hear those honourable gentlemen, for I had not arrived at the time, but I think I might with propriety congratulate them on the generous congratulations they have already received.

The debates that we have had in the Senate this session on questions of international import have been to me a matter of great interest and much satisfaction. I think that the tendency shown in this house of later years to deal with such questions is fitting and as it should be. There are many matters of domestic import that members of the House of Commons, in close contact as they are with their constituencies, feel an impulse and a necessity to discuss in a way that is not appropriate in this house. It is fitting that those questions should be under consideration there more than here. But I conceive that in this house, with its different atmosphere and with the wider experience of those who are here—perhaps I might say the greater knowledge of international affairs—it is a good thing for the Senate, for parliament and for Canada that such an intelligent effort has been here made to discuss questions of international import. May I say that among the speeches I have listened to in this debate, three have particularly impressed me. One was by my good friend the senator from Ottawa (Hon. Mr. Lambert), one by my friend from De Salaberry (Hon. Mr. Gouin), and the other by my old deskmate, the senator from Inkerman (Hon. Mr. Hugessen). The last mentioned speech so impressed me and so carried me away that after I got out from under its influence I was worried about it. The soothing logic of that speech and the rather reassuring attitude that all was well, or at least that all might be well, left me rather disturbed. Whenever I come under an influence of that kind I find it a great antidote to go back and read the speeches made by Winston Churchill during the eight or nine years before the last great war—a war which I am not sure is over yet. Once before in this house I referred to a book of Churchill's speeches published by his son, and called *Arms and the Covenant*. Those speeches, delivered right up to 1939, contained pronouncements year by year, warning Britain of what was ahead of her and pointing out the necessity for her to see the danger while there was still time. But the attitude of the British House of Commons and of the British people was "Oh, it is only Winnie speaking", and they did not take him seriously. They did not understand the speeches or know the man as they do today. But by looking back upon what he said then one learns a great lesson for the times we are now facing.

In April, just before the war ended, I made a speech in this house about the mission of those who were going to the San Francisco conference. Honourable senators were very kind to me about what I had to say. At that time I think we all had ideals and convictions about peace and the prospect for the future; but in the past two years they have been sadly shaken. Notwithstanding what some foreign emissaries may say, I do not think there is one intelligent, responsible person in Canada, the United States or Great Britain who is not convinced of the absolute essentiality of peace, and the necessity of every man doing all that is humanly possible to make sure that we attain that end. But we cannot accomplish it merely by wishful thinking.

I do not propose to offer here tonight any solutions for our problem. If I did suggest any, honourable senators would not accept them. The only motive I have in speaking at this time is to impress upon honourable senators, if I can, the necessity of our facing

realities and doing a little thinking on our own part, and in the hope that from the sum total of our deliberations the people of Canada may receive some direction towards a solution of those problems. Two years ago we thought that our delegates were going to San Francisco to work out a solution for peace, with everybody in complete harmony in working towards that end. But today, in the light of what we know, it seems to me that we have to face our problems with a little different attitude. We have to ask ourselves two questions: What is the best way to prevent war? and, How best can we protect ourselves if war should come?

There are some very obvious propositions which I should like to submit to you tonight. In the first place, it is my belief that the preaching of the gospel of peace while our enemies are arming themselves has twice resulted in disaster to the world—disaster which on either occasion could have been prevented. I submit to you for your solemn thought that one-sided disarmament is the height of folly; that unpreparedness in face of an arming enemy did not promote peace or prevent either of the last wars, but on the contrary, invited them, and almost resulted in our destruction. Twice we marched right to the edge of disaster and looked over the brink. Repeated a third time, we shall very likely go over the brink. It is said of the Lord, "He will not always chide; neither will he keep his anger forever."

We may as well face realities. There has never been permanent peace in this world. Looking over history as a realist, not as a prophet, I am moved to the conclusion that so far peace has been only an indefinite, uncertain period between wars. Fatuous appeasements and one-sided disarmament do not promote peace, and have never produced national security. So, in the remarks I am going to address to you tonight, my approach is based on the belief that we have to choose one of two alternatives—a complete and effective disarmament of the nations, enforced by a strong, armed United Nations organization, or a union of the peace-loving democracies in an effective armed defence against aggressors. When I say that, you know as well as I do of what I am thinking. I am thinking about Russia. I am not so foolish as to predict an immediate war. I do not believe there is danger of immediate war. It has never been the policy of democracies to bring about a war when they are prepared and their enemies are not. History has shown repeatedly that the reverse is the fact, and that wars have come when democracies have not been ready and their enemies have been. I call your attention to a very significant statement which was made by General Eisenhower in *Time* magazine. I am not fond of citing that magazine; I believe the last time I did so an honourable senator opposite called me to order for some of the things I said about it. The words I quote are those, not of *Time*, but of General Eisenhower. He said: "There will be no war soon, because Russia is not ready." That very cynical remark comes from a great man who meant that we should read between the lines: there will not be a war soon because Russia is not ready.

I am not concerned about Russia alone. The theme of my speech is Russia and the atomic bomb. Nor am I concerned solely about the atomic bomb. These bombs, piled in the arsenals of the United States, are perfectly harmless and we need not fear them. So far as Russia is concerned apart from the atomic bomb, the peace-loving democracies—I am thinking of the United States and Canada on this continent, and of Great Britain and the British Empire generally—have nothing to fear, for they can take care of themselves. But I am fearful about the combination of Russia and the atomic bomb, for it is my belief that Stalin and those associated with him are a greater danger to peace and to the welfare of the world than was the Kaiser in 1914, or Hitler in 1939. I will try, in the form of four questions which are the basis of my remarks here tonight, to give you my reasons for making that assertion. First, how dangerous is the atomic bomb? Second, how soon will Russia have the atomic bomb? Third, what will she do with it when she has it in military quantities? Fourth, what are we going to do about it? I do not believe that intelligent people anywhere in the world, Canada included, can afford not to ask these questions and seek the answers.

With regard to the first question, honourable senators may think it superfluous for me to offer any information. We know the bomb is dangerous. But there is a difference between knowing a thing and having a real appreciation of its dangers. Let us go back in our minds to August 6, 1945, when just one bomb was dropped on the Japanese city of Hiroshima, a city of 350,000 people. I take this extract from the recent issue of a magazine. The author of the article mentions the serious Halifax explosion during the first world war, and then, he continues:

> On the warm morning of August 6, 1945, an American Superfortress dropped over Hiroshima an atomic bomb equivalent to 20,000 tons of T.N.T., almost seven times the amount that devastated Halifax. It flattened 60 per cent of the city, killed 78,159, left 13,993 missing and 9,428 seriously injured.

To those of Hiroshima who first saw the flash of light that warned them of the bomb, it looked like a ball of fire three-quarters of a mile across. Heat at its centre was 100 million degrees Fahrenheit. People in the street below the bomb's centre were seared to death instantly. Eyes of Japanese plane watchers who looked to see what it was, melted from their sockets.

The heat of the bomb ignited fires. The intense heat also set up a pressure which released gales and fanned fires and uprooted buildings. Loose in Hiroshima that day were forces of a tornado, an earthquake and a holocaust that not even the seven channels of the Motyan River could stop.

Many indoors were not killed by the flash, but when they went outdoors they died from fire or falling buildings. As mothers worked to dig their babies out of debris, they could hear their friends and relatives crying in the street, "Please kill me, please kill me." Towards night the stench of the dead, the burnt and of people continually vomiting filled the air.

No hospital was left standing to shelter the injured and sick. Of 300 physicians 260 were unable to help; of 2,400 nurses and orderlies and aides 1,800 were made casualties in a single instant. Towards evening doctors first noticed symptoms of a strange and new illness —radiation sickness. It prevented blood from coagulating or white corpuscles forming.

Observers who came to examine the city found it looked on its outskirts like any bombed European city.

I shall not take time to read all of this article, honourable senators. A year later the Americans made tests of the bombs at Bikini. I have here an extract from the official report to the United States government. It reads as follows:

As was demonstrated by terrible havoc wrought at Hiroshima and Nagasaki, the Bikini tests indicate that future wars employing atomic bombs will destroy nations and civilization.

But that is not all. That bomb was in its experimental stages three years ago. May I trespass on your time to read an extract from an article appearing in the *Atlantic Monthly* of October 1947.

Many of us may still be thinking of atomic attack in terms of Hiroshima, of a colossal explosion and a death roll of 100,000 people. While vigorous "security" prevents any specific disclosure by scientists of the atomic developments of the past two years, we can be certain that the effect of the next atom bomb, if one is ever dropped, will bear about as much resemblance to the Hiroshima bomb as a British blockbuster bore to a hand grenade. Dr. J. Robert Oppenheimer, in charge of manufacturing the first atom bomb, estimates that were the United States to be attacked at some future time, "atomic weapons might kill 40 million Americans in a single night."

This, of course, is from an American magazine.

Airmen and scientists already refer to the Hiroshima-Nagasaki missiles as "old-type bombs," and the Atomic Scientists of Chicago describe them as "the first relatively primitive atomic bombs." Professor William A. Higinbotham, of the Manhattan Project, stated that the first bomb contained only "a few pounds of atomic explosive." According to a statement distributed by the National Committee on Atomic Information, "every effort was made to keep the first explosions to a minimum".

Honourable senators, let me call to mind how far the development of the airplane and the rocket bomb has been advanced in the last three years. For instance, a new airplane has been developed with a speed that was not thought of when Hiroshima was bombed. Near the end of the war London was under attack from rocket bombs launched in France, and had our boys not destroyed the launching bases, London would have been wiped out by these comparatively primitive bombs. What might have happened had several of the bombs that are now in the possession of the United States been dropped on London at that time?

Sumner Welles said in his last talk that people are living under the shadow of death. This is not a pleasant thing to hear. I could make a speech of a very different kind—Nero fiddled while Rome burned!—but when I delivered a similar speech to the Vancouver Board of Trade a year ago, and later met some friends on the street who said "We enjoyed your speech very much," I said, "The last thing I wanted you to do was to enjoy it." In addressing this chamber now I am not in any sense making a popular speech. I do not want it to be a popular speech. I am merely endeavouring to discuss some of the things that honourable senators know as well as I do, but to do so in such a manner that we can think about them in a practical, constructive way.

Thus, I have answered the first question. I have not told you anything new, but perhaps, as a result of what I have said, you will stop and think about this matter a little more.

The second question is: Will Russia have this atomic bomb, and if so, when? The first point to which I should call your attention is that Russia has evinced a very active desire to possess this atomic bomb. It sometimes amazes me to think how little in our discussions amongst ourselves we talk about Igor Gouzenko and the spy trials and what has been revealed right here in Ottawa, and the fact that one of our members of parliament is today in a penitentiary because of a campaign that was being directed from Russia. For what purpose? Amongst other things, it was to get information about the atomic bomb.

It is a difficult matter to find a needle in a haystack, but it is a lot easier if you know that the needle is there. In one of his recent

speeches in New York General McNaughton said that it is always easier to reach an objective when you know there is a path leading to it. So today, even if the Russians have not stolen or otherwise obtained information on the atomic bomb in Canada or the United States, I do not think anyone is foolish enough to doubt that what was going on here in Ottawa was also going on in Washington and other places.

Russia is in control of Berlin, and it is an openly stated fact that she is using German scientists to help her develop the atomic bomb. I read a year ago that Einstein gave Russia five years at the outside to develop the bomb. Time does not take long to go by; a year has gone by already. I have been reading a speech made by General McNaughton before the Canadian Club of New York a couple of months ago. In his position he has to be very conservative and guarded in what he says. He stated: "There are no real scientific secrets today, but the danger will not come for a while". That is very unassuring, coming from a man who knows as much as General McNaughton, and I say that any nation which does not act on the assumption that Russia will have the atomic bomb dangerously soon is living in a fool's paradise.

Now let me ask and answer the third question: What will Russia do if she has the bomb in military quantities? May I premise my remarks with a statement that I think is basic? War as it used to be fought, with two nations of more or less equal strength and equal arms, is a kind of sporting propostion as to which you might say "Let the best one win". But when the weapons are atomic bombs, the unscrupulous nation that is prepared to use them without warning has a one hundred per cent advantage, even if the nation against which it is fighting has just as many bombs. It is just a little more than six years since Pearl Harbor. What happened in December 1941? Officials of the Japanese government were in Washington conferring with high officials of the United States government on peace, when, out of the blue, Japanese planes dropped bombs on Pearl Harbor and put the United States navy practically out of business for the time being. That is history. I ask honourable senators this question: What would have happened to the United States in December 1941 if Japan had had the atomic bomb developed as we believe it is now, and if in addition she had had bases in Alaska, just alongside United States territory? Living in Vancouver, as I do, on looking up that coast, bearing in mind the kind of planes there are today. Alaska does not seem very far away. If Japan had had such bombs and bases in 1941 and had used them, the result on this American continent would have been a devastation the consequences of which no one can imagine. Would the Japanese have used the bombs? Well they did use what weapons they had then.

Is there anybody who from what we know would seriously suggest that the Russians, if they considered the provocation sufficient, would hesitate to do what the Japanese did? If anyone here would seriously suggest that, perhaps he will think twice about it after I develop this point. Let us just stop and take stock. There was a time when I made a similar speech to this, with less information than I have now, and I was criticized for provoking Russia. But having read speeches by Bevin, Anthony Eden, Churchill, Attlee and Truman, and the kind of false statements that Russians have made and published about citizens of these democratic countries, I do not think anybody need worry that anything we say might provoke the Russians at this time. If I thought that anything I have in mind to say would aggravate the situation, of course I would not say it.

Well, honourable senators, let us look at the record of Russia. Let us look first at her record prior to this war. I am rather fond of quoting my own speeches, and I have before me a copy of one that I made in 1935 before the Vancouver Board of Trade. It was a long speech, even longer that the one I am going to inflict on you tonight. The Vancouver Board of Trade thought enough of it, however, to have it printed and circulated. At that time I quoted from Professor Hoover of Duke University, from Walter Duranty and William Henry Chamberlain. Professor Hoover, who was also a fellow of the Social Science Research Council of the Soviet Union, stated that on December 27, 1929 Stalin announced the policy of the complete liquidation of the kulaki as a class. Honourable members will recall that the kulaki were the prosperous farmers in that country, a superior class of people there. Listen to what Professor Hoover said:

> At least five million people were expected to be involved in the liquidation of this class . . . but a much larger number were involved . . . In the course of the execution of the policy some thousands of kulaki were shot. In some cases they were executed when the only charge against them was carrying on active propaganda against collectivization. Many kulaki and their families committed suicide.

And thousands of them were sent to Siberia.

Let us see what the testimony of Walter Duranty was, in February, 1933:

> Recent decrees bristle with words, like "mercilessly" or "without pity," and the Bolshevik believe themselves no less bound by duty

"to smite and spare not" than the soldiers of Allah who offered unbelievers the choice between Allah and the sword.

It may horrify Americans to hear that a thousand Cossack families—five or six thousand souls—have been removed *en masse* because they opposed collectivization . . . all right, but in the last three years there were a million other persons similarly removed."

And finally, here is what William Henry Chamberlain said:

During the winter of 1932 and spring of 1933 stark famine stalked through the great areas of Ukrania and the North Caucasus, the lower and middle Volga, and parts of Central Asia, levying a 10 per cent death toll on a population of 50 to 60 million people.

Ten per cent of that number would be between five and six million people.

Of the historic responsibility of the Soviet government for the famine of 1932-33 there can be no reasonable doubt. In contrast to its policy of 1921-23 it stifled any appeal for foreign aid by denying the very fact of the famine and by refusing to foreign journalists the right to travel in the famine regions until it was all over. Famine was quite deliberately employed as an instrument of national policy as the last means of breaking the resistance of the peasantry.

All the aristocracy, the intelligentsia and the bourgeoisie who were capable of opposition from outside were already dead, banished, or in prison camps.

That is testimony of fifteen years ago. Let us come down a little later. We know that at the beginning of the last war Mr. Stalin was Mr. Hitler's partner. In the latter part of the war we got so much in the habit of talking about our noble allies that we forgot a lot of the things that we said and thought about Mr. Stalin in 1939, 1940 and 1941. I think, though, that our memories have been rudely revived through the publication by the United States government within the last month of documents they found in Germany, which prove—what of course we all knew—that prior to the beginning of the war in 1939 the Germans had plotted with the Russians to divide up Europe and drive France and Britain out of control there.

Then let us take the record of Russia's relations with her late allies since the last war. I cannot help thinking of all the fine sentiments I had in my mind when I spoke here in April, 1946, just before the war was over. Quite a number of senators were good enough to suggest that copies of that speech should be secured, not because I said anything exceptional, but because the speech expressed what was a common view at that time, that there should be a united group of allies working and struggling for peace. From the San Francisco Conference to the present time what has Russia done? By her hostile and truculent attitude she has frustrated the United Nations; she has dampened and shaken the world's high resolve for peace. That, I believe, is the greatest crime she has committed.

Honourable senators, let us get the picture of that conference in the United States. There is no more generous, spontaneous and hospitable people in the world than our neighbours to the south, and next to them in those qualities are our own people. We went to that conference with a feeling of warm gratitude towards the Russians for the fight they made. Whatever else is to be said about them, they are certainly great fighters. The delegates who came over from the Old Country had the same sentiment towards Russia as we had. But what did we find on the part of her representatives but suspicious and boorish conduct. It came to us first as a shock, followed by anxiety and fear mingled with anger and resentment, and properly so. Since that time they have persisted in libelous attacks and offensive lies. There is no other way to properly describe what they have said about our statesmen. When I say "our statesmen", I refer to the representatives of peace-loving nations, particularly of English speaking nations. By their attitude the Russians have destroyed every confidence.

Honourable senators, let us consider the various conferences that have been held. I do not know that I can name them in proper order, but there were the London, Paris and Moscow conferences, and also the meeting at Lake Success. At the Paris conference for instance, nations met together to work out something in regard to the Marshall plan. What was the Marshall plan? Was it a design on Russia or on any country? No; it was a humanitarian attempt to save starving millions; something that, according to Churchill, Russia did not do in the Ukraine fifteen years ago. At that conference she blocked the Marshall Plan, and she is continuing to block it. Also, she has forced every one of her satellite nations to co-operate with her in blocking the progress of the plan. For what reason does she do that? Can honourable senators tell me of any reason, humanitarian or otherwise, that carries with it any merit or justification? A few men emerge from behind the "iron curtain" to block any attempt, particularly by the United States, to send aid to starving millions. From behind that "iron curtain," which is a mystery we do not understand, nothing can escape but evil and enmity.

My honourable friend from Inkerman (Hon. Mr. Hugessen) referred to the poisonous practice of infiltration that is going on—I do not use his parliamentary language—and the suggestion was made, I thought, that if Russia were defeated in this policy of trying to

triumph by infiltration, possibly she would throw up the sponge, and we could meet with her on a common basis. I join in my honourable friend's wish that that may be so, and I agree that everything reasonable should be done on the assumption that the plan may work; but I think we should hope for the best and prepare for the worst. My suggestion, honourable senators, is that if the Russians do not succeed in their policy of infiltration they will experience frustration, and frustration does not breed contentment or make for peace; rather, I believe, it will lead to a breaking out of new and evil designs in another quarter.

Let me call to the minds of honourable senators the fact that penetration by Russia has not been peaceful penetration. May I indicate what she has done in annexing other countries, not merely by infiltration, but largely by force and intimidation. She has annexed the following European territories: North Finland and strategic areas of South Finland controlling access to the Baltic, Esthonia, Latvia, Lithuania, the northern part of German East Prussia, the eastern half of Poland, the eastern part of Czechoslovakia, Bessarabia and Bukovina, and in the Far East she has annexed Tannu, Tuvaa, Port Arthur and the Kurile Islands. In Europe she has under her military economic and political domination: Poland, eastern Germany, Czechoslovakia, eastern Austria, Hungary, Rumania, Bulgaria, Yugoslavia and Albania; in Asia she has outer Mongolia, Manchuria, northern Korea and the Sinkiang province of China. She is also trying to get control of Greece and Turkey. I can add to the notes I made some months ago that today she is trying to get control of Italy and other countries.

Honourable senators, may I now refer to some comments made by public men. Let us take, first, Stalin himself. In the American magazine *Mercury*, Max Eastman quotes Stalin as follows:

> It is inconceivable that the Soviet Republic should continue to exist for a long period side by side with imperialist states—ultimately one or the other must conquer.

I cannot read in that statement, honourable senators, any reassurance that Russia, if she fails in her policy of propaganda, infiltration and trying to force her doctrines of communism, will stop at that.

May I give two quotations from Mr. Attlee? The first reads:

> Freedom to the communist party means the denial of liberty to all those who refuse to accept the communist philosophy. One of the tragedies of the world is that the Soviet government appears deliberately to prevent intercourse between the Russian people and the rest of the world—the growth of personal friendship between individuals is frowned upon—a wall of ignorance and suspicion is being built between the nations.

I notice that General McNaughton in New York last month expressed the hope—and it is a hope that every one of us shares—that something of our sincerity may find its way to the Russian people. I ask honourable senators, and particularly my honourable friend from Inkerman, how is it going to get through the "iron curtain"? It cannot get through by means of the newspapers, for the press is absolutely controlled. It cannot get to the people by radio, because any man who listens to the radio in Russia has to do so under government supervision. How is it going to get beyond that iron wall which has been deliberately set up by the men who are dominant?

I quote Mr. Attlee again. In a statement within the past few days, he says:

> Our British socialism,—

He, of course, emphasizes socialism; I would prefer to call it British democracy—

> —our western European socialism has its roots in European civilization, in humanism, in Christianity and, in Britain, in our British history.
>
> We are up against something which has no roots in the past, which indeed tries to destroy the past and has been bred in Russia.

That statement comes from the Prime Minister of Britain, a mild-mannered man who is most moderate in his statements.

I attempted to get a copy of a recent speech made by Winston Churchill in the British Parliament; but copies of *Hansard* from overseas are slow in reaching us. I did however find, in the New York *Times* of January 23, that in talking about the atomic bomb he said, "We must come to a settlement with Russia before it is too late". He used stronger language, but I have not a copy of his speech. I think I have said enough on this point to convince you that unless there is world control of the atomic bomb the danger is grave that Russia will use this weapon for the destruction of the democracies whom, without doubt, she believes to be her enemies. I do not want to be sensational on this subject; I simply make the statement that that is the situation which faces us.

So, honourable senators, we come to the fourth question: What are we going to do about it? I am sorry to be taking so much time.

Some Hon. SENATORS: No, no.

Hon. Mr. HAIG: Go ahead.

Hon. Mr. FARRIS: I propose to divide my discussion of this question into two branches. First, I shall explain what has been done, and for this purpose perhaps I will be permitted to read the summary I have made. I found great difficulty in getting exact information, because the speeches I have read do not contain a satisfactory analysis. Here is a review of what has been going on in the past two years.

In January 1946 the United States government set up a committee, headed by Dean Acheson and Mr. Lilienthal. This committee, after study and full deliberation, made very important recommendations. They were in substance as follows:

1. The United Nations should set up an "international agency."
2. This agency to be made owners of all sources of supply of uranium and thorium in all the world.

That is very important, and its importance will be realized in a moment when I come to discuss the proposals made by Russia.

3. Complete control of production of raw materials, manufacturing plants, and all research to be vested in the agency, and also the right to license non-dangerous uses.

All these are devices to give some security to the world.

4. Full power of international inspection and enforcement to be in the agency, backed up by the United Nations.

If effect were given to these four proposals, honourable senators, the result would be a security which we have not now, and which it looks as though we shall not have.

The Lilienthal Commission was a United States body. Later the Security Council of the United Nations recommended the setting up of a United Nations Security Council Commission, and Mr. Bernard Baruch, the American representative, submitted proposals similar in principle to the Acheson-Lilienthal recommendations. These proposals were supported by the Canadian government. It was made clear by the United States that if a commission with the backing of the United Nations were set up and invested with these powers, she would surrender to that commission her knowledge of the atomic bomb and her supplies of the bomb, and would discontinue its manufacture. All they asked was that the atomic agency should be properly set up under an agreement or treaties to guarantee its effective operation, and that there should be no veto. If there is one nation that we might have expected to agree to that proposal, it is Russia. The Russians are not in a position to manufacture the atomic bomb. My honourable friend from Inkerman (Hon. Mr. Hugessen) has remarked that they are a tired, an exhausted people; and I think we all believe that they do not possess as much scientific ingenuity as the people of our own countries. One would have thought they would have hailed such a proposal as assuring their salvation. But what did they do? Listen to their proposals.

First, they proposed the immediate outlawing of the manufacture and use of the atomic bomb, and that the United States should within three months destroy all its existing stocks of bombs. In other words, their basis for further negotiations is that the United States shall first wipe out all the advantage she has. Now listen to their second proposal. Through Mr. Gromyko, they objected to the ownership of uranium by the agency, and asserted that the right of inspection and punishment should not be in the agency, but should vest in the government of each nation on the "honour" system.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. FARRIS: Some honourable senators laugh. It is funny—so funny that, with your permission, and without wishing to seem frivilous, I would say it reminds me of a story about a Jew. In telling it I cast no reflection on the Jewish people, because one often hears stories about the Scots, the Irish and others. This tale happens to be about a Jew who got into a poker game with a group of men, all of whom were friends of one another, but to whom he was a stranger. Next day somebody asked him: "How did you make out in the poker game?" He said: "It was a funny game. It was on the honour system. They did not show their hands; they just declared what they had, and threw their hands face down in the deck". "Well", he was asked, "how did you make out?" "Oh", he replied, "I lost the first pot—before I knew the rules." In that little story one sees a clue to the menace of the greatest tragedy that has ever confronted the world. After all the other nations had agreed to four propositions which seemed to provide a solution of this menace, so far as any solution is possible, the representatives of one nation took the stand: We will not agree to that. The United States, the only country which can manufacture the bomb, must cease to manufacture it, destroy its supplies, and leave the future to the 'honour ssytem'.

The next proposal of the Russians was that the control and right of enforcement should be vested in the Security Council of the United Nations as presently constituted. This meant, in relation to this vital question, that

after the United States had surrendered her advantage, Russia would still retain the veto power.

The proposals of the United States and of Russia were both referred to the Security Council Atomic Energy Commission. On December 31, 1946, the commission reported to the Security Council, by a vote of 10 to 0, substantially approving the Baruch proposals. But Russia, and Poland under the domination of Russia, did not vote. On March 10, 1947, the Security Council referred the report back to the commission along with twelve proposed amendments by Gromyko, with instructions to submit a further report. On June 11 the Russians submitted modified proposals, which sounded well but which, when studied, were found to ignore or repudiate these four essentials. At the end of August, 1947, Gromyko flatly refused these four basic principles of safety control. Upon reference to the speech of General McNaughton I find that the Russians still adhere to the same position: there is no sign of a compromise.

So, honourable senators, after two years the protection of the world, against a menace more terrible than ever before dreamed of, is blocked by the Russians. I think we must ask ourselves why they have done it. I can see only one reason. They must be looking ahead with a feeling of assurance that the democracies will never start a war, and that they can go on without fear of these bombs, knowing that there will be no danger of any surprise attack from the United States. Look at our own situation. We live alongside the United States, but we are not concerned whether she has ten bombs or 10,000 stored in that country. We know there is no danger of her turning them on us or any other nation unless she is forced to in the desperation of a war.

I have given you the history up to date, but what of the future? That is what we have got to face. As I said in opening, I am not here to presume with solutions. One thing we may do is put our trust in God to look after us and hope that sooner or later Russia will agree to some sensible solution. We must do the best we can, so far as it goes, and hope for the best. The other day I read a speech that Mr. Bevin made in the British House of Commons, in which he described the provocation he had been under and the self-restraint he had to exercise from time to time in dealing with the Russians. He had a consciousness of his obligation as a minister of a great nation not to do anything, if he could avoid it, to aggravate the situation, and he treated these people as best he could. However, he has not gone so far as to conceal from his people what the situation is.

It seems to me the next thing to be considered is the arming of the peace-loving democracies against aggressors, and the building up of such an arsenal of destruction and such a fleet of bombers that Russia will not dare attack. This would be costly and intolerable, but it may have to be done. My honourable friend (Hon. Mr. Hugessen) says the Russians are tired. I read in today's Montreal *Gazette* that Drew Middleton puts the strength of the Russian standing army at 5,750,000. The people may starve but the soldiers do not. The same article indicates that Russia's scientific development is not up to our standards. But she has access to some of Germany's great scientists, so how long will this situation continue?

Honourable senators, after all reasonable steps have been taken, consideration has to be given to whether the allies should get tough with the Russians. I see that some time ago this man in the United States to whom my honourable friend (Hon. Mr. Hugessen) referred, made speeches against such a policy. Nations have never yet got tough with the Russians. This policy is one to be considered for the future. I want to speak very carefully on this matter. When I discussed this question once before, a communistic columnist wrote that I was a war-monger. If there are any warmongers in Canada, they ought to have their heads examined. It is inconceivable that any man in this country should be a war-monger, or that he should not have the utmost horror of war. But I do say that we have to consider whether a firm stand with Russia may ultimately be the only way to prevent war; and when I make that statement I do not want to be misunderstood.

Honourable senators, if I have added something to the consciousness of the leaders in Canada with respect to the great problems that are to be faced, I feel that I have served my purpose in this address. One thing above all else that Canada must do at this time is to maintain her strategic position between the United States and the members of the British Commonwealth. Unless all the English speaking democracies stand together, and co-operate in every sense of the word in the solution of these problems, there is no hope for the world. The strategic position that Canada occupies between Great Britain on the one hand and the United States on the other is more fully recognized today than ever before. We should seek to maintain that position, and endeavour to make sure that good relations continue and

that there are no misunderstandings. Along with the other English speaking democracies, with their common ideals, common knowledge and common laws, we should strive for the future welfare of the world.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MARCOTTE moved the adjournment of the debate.

The motion was agreed to.

LOAN COMPANIES BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill F, an Act to amend the Loan Companies Act.

Hon. Mr. ROBERTSON: Honourable senators, this order has been called several times, and I am going to move that it stand again. I am advised that this bill may be very materially amended in committee, or that I may even have to ask the indulgence of the Senate to withdraw it entirely, and to introduce another bill later. In any event, I shall not be proceeding with this bill for some time. Stand.

The order stands.

VETERANS INSURANCE BILL

CONCURRENCE IN AMENDMENTS

The Senate proceeded to consideration of amendments made by the Standing Committee on Banking and Commerce to Bill G, an Act to amend the Veterans Insurance Act.

Hon. Mr. BEAUREGARD moved concurrence in the amendments.

The motion was agreed to.

PRIVATE BILL

CONCURRENCE IN AMENDMENT

The Senate proceeded to consideration of the amendment made by the Standing Committee on Banking and Commerce to Bill M, an Act respecting the Trust and Loan Company of Canada.

Hon. Mr. BEAUREGARD moved concurrence in the amendment.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. BEAUREGARD: By leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. Mr. J. F. JOHNSTON moved the second reading of Bill C-2, an Act to incorporate Rinker Finance Corporation.

He said: Honourable senators, the applicants are seeking the incorporation of a company under the provisions of the Small Loans Act, being Chapter 23 of the Statutes of Canada, 1939.

By section 13, subsection 1 of this Act, companies incorporated under it are subject to certain provisions of the Loan Companies Act, Chapter 28 of the Revised Statutes of Canada, 1927. Section 27 of the Loan Companies Act requires that the minimum capitalization be not less than $250,000, and that it be divided into shares of $100 each.

After incorporation the provisional directors shall continue to act until not less than $100,000 of the capital stock has been bona fide subscribed and not less than $50,000 has been paid in cash. When these requirements have been complied with the provisional directors may call a general meeting of shareholders for the purpose of electing permanent directors of the company. When $100,000 has been paid up in respect of the capital stock of the company, plus an additional amount to cover all expenses incurred in incorporation and outstanding obligations of the company, the company may then make application to the Superintendent of Insurance for a licence to conduct business. Before the granting of any such licence the Superintendent of Insurance will require a certificate from a chartered bank to the effect that the company has on deposit the sum of $100,000, copies of the minutes of all organizational meetings of the company, evidence as to the qualifications and fitness of the directors and such other information as he may deem desirable. It therefore follows that companies incorporated under the Small Loans Act come under the supervision of the Superintendent of Insurance. Adequate safeguards are provided in the legislation to prevent licences being issued to a company unless all the requirements have been fully complied with.

The company in question is a purely commercial undertaking. I have been assured by the principals that sufficient funds are now available to meet the minimum requirements of the Loan Companies Act as to initial paid up capitalization.

If honourable senators see fit to pass the motion for second reading, I shall move that the bill be referred to an appropriate committee for further study.

Hon. Mr. LEGER: Has the bill been distributed?

Hon. Mr. JOHNSTON: I think so.

Hon. Mr. HUGESSEN: Yes.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. JOHNSTON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

BUSINESS OF THE SENATE

TARIFFS AND TRADE—MEETING OF COMMITTEE

On the motion to adjourn:

Hon. WISHART McL. ROBERTSON: Honourable senators, before we adjourn I should like to remind the house that tomorrow morning there will be a meeting of the Standing Committee on Canadian Trade Relations, to resume consideration of the subject-matter of the Geneva Trade Agreement. Official notices of the meeting have gone out to members of the committee, but of course it is well understood that every senator, whether a member of the committee or not, is welcome to attend the meeting and to listen to discussion or evidence.

I should also like to say at this time that I have been giving as careful consideration as I can to the question of what business is likely to come before the Senate between now and the end of March. In all likelihood some measures will be sent to us from another place during that period, and indeed some new measures may originate here, but I do not think there will be enough to require our full time. Therefore, unless there is then some business of which I have no knowedge at the moment, at the end of this week I shall ask the Senate to consider adjourning for two weeks; that is, until Monday evening, March 8. I am making this announcement in advance in case the expected adjournment may cause a change in the plans of some honourable senators. Of course, I know it will be generally agreed that if some unforeseen business develops, we should continue sitting and attend to it in order that the public interest may not suffer.

Right Hon. IAN MACKENZIE: Honourable senators, may I make a reference to the remarks of my honourable leader as to the matter before the committee on Canadian Trade Relations? I am not saying this in a critical vein. I merely wish to suggest that according to the rules of parliament, and May and Bourinot, the motion, which was made during my absence from this chamber, to refer the subject-matter of the Geneva agreement to a committee, automatically kills the resolution itself as it stands on the order paper. The reason is that it is an elementary rule of parliament that a resolution cannot be discussed in two places at the same time. I am raising this point, not by way of objection or obstruction, but simply because I think that in future we should follow the old historic rules of parliament instead of this procedure.

Hon. Mr. ROBERTSON: I may say to my right honourable friend that the subject-matter of the resolution was referred to the Standing Committee on Canadian Trade Relations before the Christmas adjournment, and therefore prior to his being summoned to the Senate. As a layman, I always find myself at some disadvantage in discussing parliamentary practice, and I am quite prepared to trust to the judgment of those more skilled and experienced in the matter than I am. I do know, however, that while it has not been a general practice in the other place to follow the procedure that we have followed in this instance, it certainly has been done there—my right honourable friend, with his long parliamentary experience, will correct me if I am wrong—and it certainly has been done before in this house. My right honourable friend says we were out of order. I do not know about that. But whatever may have been the practice in the past, I cannot help thinking that in the final analysis this house should be supreme in determining its own procedure. If the house decided upon a certain procedure, particularly if it did so with unanimous consent, my common sense would tell me that that was all right. Should that not be the view of honourable senators, perhaps we ought to have a general debate on the whole question.

Hon. JOHN T. HAIG: Honourable members, may I be permitted to say a few words at this time? I did not indulge to any extent in the discussion on this subject the other day, and I do not intend to speak at length tonight.

This question first came up in the house during the war years, when His Honour the Speaker was leader of the government in this chamber and I was acting leader of the opposition. At that time the procedure now under discussion was followed, with the unanimous consent of the house.

When this resolution was introduced I knew nothing at all about it. While I could perhaps have spoken on it, in the light of

subsequent information my remarks might have sounded silly. I therefore asked the leader of the government if he would consider having the subject-matter of the resolution referred to a committee, and he agreed, subject to the unanimous consent of the house. That consent, of course, was obtained.

I quite agree with the contention of my right honourable friend that we cannot sidestep responsibility for second reading by some subterfuge; but I feel that if the whole house consents we can do anything. The practice of this house, since I entered it some time ago, has been to get at the merits of legislation and to avoid making a decision that at a later date might appear silly. We have, therefore, always agreed unanimously to have certain matters go to committee.

I was not brought up in the Parliament of Canada, but in the place where I gained my experience I was regarded as quite an authority on the rules. Of course I was always in opposition; but that is where one learns about rules. I was always taught, and my right honourable friend knows, that rules are for the protection of the minority; if the minority does not object, the rules can be suspended without hurting anybody.

When His Honour the Speaker was leader of the government in this house, he followed the excellent practice of referring certain subjects to a committee. My right honourable friend was partly to blame for the situation which confronted us. The government would bring down its financial proposals near the end of the session, and they would reach this house during the hot weather, a day or two before prorogation, when we had no opportunity to properly study them. The then honourable leader of the government suggetsed that we should have a committee to consider the estimates, so that we would have full knowledge of the Supply Bill when it finally came to us. That system worked very satisfactorily.

The subject now under discussion is surely a non-political one, as far as this house is concerned. I believe that the interpretation of the rules is a proper one. Ever since I have been in this house, even in the days of the honourable Mr. Meighen and the late Senator Dandurand, if the house gave its unanimous consent, we could do whatever we liked.

Hon. Mr. ROEBUCK: Honourable senators, a few of us studied this question about two sessions ago—

The Hon. the SPEAKER: Honourable senators, we had a long discussion on this subject a few days ago. At that time I made the suggestion that if the rules were going to be discussed a motion should be placed on the Order Paper for that purpose.

I am satisfied that the Senate has within itself the right to refer this matter to a committee. That has been the practice heretofore. I do not object to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) speaking to the question, but I see no reason why we should have another debate on it tonight. The procedure is understood, and if my right honourable friend from Vancouver wants to discuss the rules of procedure of this house, no one knows better than he does the proper way to do it. He should proceed under a motion.

Hon. Mr. ROEBUCK: Mr. Speaker, I was merely going to ask a question. We were studying this subject two years ago, and at that time I read Bourinot and some other authorities, but did not come to the conclusion that my right honourable friend from Vancouver has. I think he would perform a service if he would give us the authority to which he refers.

Right Hon. Mr. MACKENZIE: I shall be very glad to do that.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, February 17, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill V-3, an Act for the relief of Lela May Begley Hall.

Bill W-3, an Act for the relief of Marguerite Isaacs Katz.

Bill X-3, an Act for the relief of Delilah May Jacobs Button.

Bill Y-3, an Act for the relief of Ruth Shkurnik Gilbert.

Bill Z-3, an Act for the relief of Goldie Tessler Wise.

Bill A-4, an Act for the relief of Martha Norman McCairns.

Bill B-4, an Act for the relief of Marion Rita Kendall O'Donahoe.

Bill C-4, an Act for the relief of Gertrude Mae McLean Cole.

Bill D-4, an Act for the relief of Freda Gertrude Parkes McMillan.

Bill E-4, an Act for the relief of Alma Petrides Prysky.

Bill F-4, an Act for the relief of Jean MacDonald Di Falco.

Bill G-4, an Act for the relief of Betty Yossem Edelstein.

Bill H-4, an Act for the relief of Leonard Carlton Matthews.

Bill I-4, an Act for the relief of St. Kilda McKay McLean Anderson.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave, next sitting.

EXPORT AND IMPORT PERMITS ACT

REPORT OF MINISTER

Hon. Mr. ROBERTSON: Honourable senators, I beg to lay on the Table the report of the Minister of Trade and Commerce on the operation of the Export and Import Permits Act for the year 1947.

Hon. Mr. CRERAR: May I ask the honourable leader if copies of this report will be available to senators?

Hon. Mr. ROBERTSON: I am not sure whether sufficient copies for distribution to all senators have yet been printed. The report was presented in another place yesterday, and I should think that ample copies would be available soon. I shall inquire into the matter.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

NOTICE OF MOTION FOR APPOINTMENT OF COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I wish to give notice that I intend to move tomorrow for the appointment of certain senators to act on behalf of the Senate as members of a joint committee of both houses of parliament on human rights and fundamental freedoms. I am desirous that the Senate members of this committee be appointed before we adjourn.

Hon. Mrs. FALLIS: May I ask the honourable leader a question? Just before prorogation of the last session the Minister of Justice said that a letter would be sent to the Attorneys General of the various provinces asking for their opinion as to whether it would be practical to enact a Canadian bill of rights. I notice in *Hansard* of another place that communications received from the Attorneys General on this matter have been tabled there I should like to ask the honourable leader if that correspondence will be tabled in the Senate as well.

Hon. Mr. ROBERTSON: I assume so. Indeed, I tabled such a miscellaneous group of documents yesterday that I am not sure whether or not this correspondence was included. I have no recollection of seeing the correspondence, but I must confess I did not examine the documents carefully. If the communications from the Attorneys General were not tabled yesterday, I presume they will be shortly. I shall make inquiries immediately.

VETERANS INSURANCE BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill G, an Act to amend the Veterans Insurance Act.

The motion was agreed to, and the bill read the third time, and passed.

EXPORT AND IMPORT PERMITS BILL

On the Order:

Second reading of Bill U3, an Act to amend the Export and Import Permits Act.

Hon. Mr. ROBERTSON: Honourable senators, there are two difficulties in the way of proceeding with this order, which stands in my name. I should be pleased to be guided

by the opinion of the house in the matter. I have asked the honourable member from Inkerman (Hon. Mr. Hugessen) to explain the bill, but I am now advised that copies have not been distributed. A second difficulty is that there are no copies available of the report of operations which I have just tabled. There is no particular reason why we should proceed with the order now; but I offer my apologies to the house for the delay, and make this explanation.

Hon. Mr. CRERAR: I think it desirable that honourable members have an opportunity to study the report for the past year before they proceed to consider the amendments.

The order stands.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved second reading of the following bills:

Bill G-3, an Act for the relief of Alfred Keeley.

Bill H-3, an Act for the relief of Marie Albina Ethel Dubois Howick.

Bill I-3, an Act for the relief of Ignatz (Ignas) Sokolovsky.

Bill J-3, an Act for the relief of Laura Grace Hanley Huggenberger.

Bill K-3, an Act for the relief of Eva Wolfovitch Zloty, otherwise known as Eva Wolfovitch Gold.

Bill L-3, an Act for the relief of Sheila Lightstone Marcus.

Bill M-3, an Act for the relief of Lea Alvina Mary Boulay Orr.

Bill N-3, an Act for the relief of Armand Lapierre.

Bill O-3, an Act for the relief of Georgette Ruth Cote Geller.

Bill P-3, an Act for the relief of Mary Elizabeth Ellwood Blackburn.

Bill Q-3, an Act for the relief of Annie Elisabeth Horseman Charters.

Bill R-3, an Act for the relief of Sarah Ann Older Verrier.

Bill S-3, an Act for the relief of Anna Martha Kokojachuk Waugh.

Bill T-3, an Act for the relief of Elsie Mark Farley.

The motion was agreed to and the bills were read the second time, on division.

THIRD READING

Hon. Mr. ASELTINE: Honourable senators, with the consent of the house, I move third reading of these bills.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 18, 1947.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE PROCEDURE

PRESENTATION OF PETITIONS

Hon. Mr. HUGESSEN: Honourable senators, I beg to present the petition of the Canadian Marconi Company, praying for the passing of an Act for the purpose of empowering the company to sell or dispose of its undertaking and assets or any part thereof.

Hon. Mr. GOUIN: Honourable senators, I beg to present the petition of J. Albert Blondeau, of Outremont, Quebec, and others of elsewhere, praying to be incorporated under the name of "The National Insurance Company" and in French "La Nationale Compagnie D'Assurances".

Hon. Mr. ASELTINE: Honourable senators, I beg to present certain petitions for divorce.

Right Hon. Mr. MACKENZIE: Honourable senators, may I, a new arrival here, humbly ask to have clarified the subject-matter of the three petitions just presented? From my position in this chamber I have not heard a single word that was said about these petitions, and I should like to know what they are about, in order that I may understand them and be able to discuss them.

The Hon. the SPEAKER: Honourable senators, petitions received by the Clerk are not announced from the Chair but appear in the Minutes on the following day. Possibly the members presenting petitions today did not speak loudly enough for my right honourable friend to hear them. They should have done so, for it is to be presumed that honourable senators are interested in knowing the nature of the petitions presented. For myself, when I have occasion to announce something from the Chair, I will endeavour to speak more distinctly, so that I may be heard.

DIVORCE STATISTICS

PROGRESS REPORT

Hon. Mr. ASELTINE presented reports of the Standing Committee on Divorce, numbered 118 to 126, said reports to be taken into consideration tomorrow.

He said: Honourable members, I should like, for the information of honourable senators, to make a brief statement as to the position in which the Committee on Divorce finds itself with respect to the cases coming before it. To date, 320 notices have been received, 288 petitions have been filed, and two petitions have been withdrawn. Since the Senate resumed its work in January, your committee has sat every Monday, Tuesday, Friday and Saturday, and has heard and considered the evidence in 122 cases. Two cases have been partly heard and have been adjourned for further hearing.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committe on Divorce, presented the following bills:

Bill J-4, an Act for the relief of Nellie Polistuck Levac.

Bill K-4, an Act for the relief of Eleen Rose Gray Lawson.

Bill L-4, an Act for the relief of Frieda Kimelfild Solomon.

Bill M-4, an Act for the relief of Gordon Merrill Fuller.

Bill N-4, an Act for the relief of Phyllis Joyce Bradfield Ainsworth.

Bill O-4, an Act for the relief of Michael Charles Parr.

Bill P-4, an Act for the relief of Edna Birch Drimer.

Bill Q-4, an Act for the relief of Elinore Oakes Forgues.

Bill R-4, an Act for the relief of Mary Gwodzecka Carter.

Bill S-4, an Act for the relief of Ralph Woodall.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills, to whom was referred Bill K, an Act to incorporate People's Fraternal Order.

He said: Honourable senators, the committee have in obedience to the order of reference of February 10, 1948, examined the said bill, and now beg leave to report the same with the following amendments, namely:

1. Page 1, line 18. After "society" insert "are."

2. Page 2, line 25. Delete "up to at least" and substitute "not exceeding."
3. Page 2, line 26. Delete "$175.00" and substitute "one hundred and seventy-five dollars."

The Hon. the SPEAKER: When shall the amendments be considered?

Hon. Mr. HUGESSEN: Tomorrow.

EXPORT AND IMPORT PERMITS ACT

REPORT OF MINISTER

Hon. WISHART McL. ROBERTSON: Honourable senators, may I make reference to a matter which was drawn to my attention yesterday by the honourable senator from Churchill (Hon. Mr. Crerar). It will be remembered that I then tabled the report of the Minister of Trade and Commerce on the operation of the Export and Import Permits Act for the year 1947. The honourable senator asked me if copies of this report would be made available. At that moment I was not exactly certain of the situation; but I have ascertained since that, as regards miscellaneous reports, the general procedure is to table them without having them at once printed in full. At the end of the session, as a rule, the Committee on Printing determines whether material tabled should or should not be printed. This is done with a view, on the one hand, of making all possible information available, and on the other, of keeping down the expense involved. In any event, I intimated that a number of senators were interested in seeing this report, and asked the department to provide some mimeographed copies. This they did. I have furnished one copy to the leader of the opposition (Hon. Mr. Haig), one to the honourable senator from Churchill (Hon. Mr. Crerar), and have had placed on the table ten or twelve more copies, for the use of honourable senators who desire to have them. Needless to say, other copies will be provided if required. Of course the information contained in the report will be presented before the committee.

DOCUMENTS TABLED

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Hon. WISHART McL. ROBERTSON: Honourable senators, I lay on the table correspondence with attorneys general of provinces and deans of law schools regarding the power of the Parliament of Canada to enact a national bill of rights; regulations made under the Department of Veterans Affairs Act; regulations made under the Veterans Land Act, 1942; and regulations made under the Soldier Settlement Act. The first series of documents which I am tabling relates to a matter which was brought to my attention yesterday by the honourable senator from Peterborough (Hon. Mrs. Fallis).

Right Hon. Mr. MACKENZIE: I wonder if it would be in order for me to ask the leader of the house, and the administration, a question about the documents tabled respecting human rights and fundamental freedoms, a subject as to which I had the honour of making a motion in another place a year ago? My question is this: Were the three or four opinions received from very eminent authorities in the various provinces of Canada—and which I understand were tabled here today—requested by the administration, or were they submitted voluntarily by these eminent and distinguished gentlemen?

Hon. Mr. ROBERTSON: I am not now in a position to answer the question of my right honourable friend. Perhaps those associated with the joint committee, or indeed my honourable friend himself, who at that time occupied a far more prominent position than I in the councils of the government, can enlighten the house. At the moment I am not able to do so, but I will endeavour to secure this information for the right honourable gentleman, if he so desires.

Right Hon. Mr. MACKENZIE: I may say that so far as my knowledge goes as a member of the administration, no action was taken in regard to consulting the provinces; and I desire to be enlightened, in the public interest, as to whether these opinions were given voluntarily or were asked for.

Hon. Mr. ROEBUCK: I had the honour, which I regard as a very great one, of being a member of the committee, and I understand that the opinions were asked for.

Right Hon. Mr. MACKENZIE: I see.

Hon. Mr. ROEBUCK: May I ask whether copies of these documents were mimeographed?

Hon. Mr. ROBERTSON: My reference to mimeographing related particularly to the report tabled yesterday on the operation of the Export and Import Permits Act. Under the prodding of the honourable senator from Peterborough (Hon. Mrs. Fallis) I moved as rapidly as I could; but it was not until a few minutes ago that I received the documents for which she asked, and I am not at the moment in a position to say whether copies are available. I assure my honourable friend, however, that I shall make every effort to secure them.

PRIVATE BILL

REFUND OF PARLIAMENTARY FEES

Hon. Mr. BISHOP moved:

That the parliamentary fees paid upon the Bill O, intituled "An Act respecting The Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada", be refunded to Messrs. Ewart, Scott, Kelley and Howard, solicitors for the petitioner, less printing and translation costs.

The motion was agreed to.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

MOTION FOR APPOINTMENT OF COMMITTEE

Hon. WISHART McL. ROBERTSON moved:

That it is expedient that a joint committee of both houses of parliament be appointed to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the United Nations may best be implemented;

And, in particular, in the light of the provisions contained in the Charter of the United Nations, and the establishment by the Economic and Social Council thereof of a Commission on Human Rights, what is the legal and constitutional situation in Canada with respect to such rights, and what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms;

That the Honourable Senators Ballantyne, Bouffard, Burchill, Crerar, Fallis, Gouin, Horner, Leger, McDonald (King's), Roebuck, Turgeon and Wilson, be appointed to act on behalf of the Senate as members of such a committee.

The Hon. the SPEAKER: Is it your pleasure to concur in this motion?

Hon. ARTHUR W. ROEBUCK: Honourable senators, I do not propose to discuss the broad question, but before this resolution is carried I should like to make an observation on it. In the first place I wish to say that it is a very great honour to be included in the membership of such a committee and to be able to express my views on the important subject under discussion. There is, however, a great confusion abroad as to the powers of this committee and what it may recommend. I do not know whether other honourable members who sat on the committee last year have been subjected to the same barrage of organized letter-writing that reached my office.

Hon. Mr. HAIG: Lots of them.

Hon. Mr. ROEBUCK: In any event, I thought it worth while to bring down my file, not by way of protest, but to show the volume of correspondence I have received. Members of parliament are, of course, open to receive letters, and they should acknowledge them. I have been able to answer every letter I have received. But what concerns me is the total misunderstanding of the situation on the part of those who have written to me. Notwithstanding some of my replies, the same type of letter, written by hand or typewritten, and expressing the opinion of the writer, has continued to come into my office. I give the writers credit for their industry, but it seems to me that none of them attack the real problem. They all urge the desirability of some binding law which will prevent the dominion and provincial governments from doing something which the writers regard as an invasion of civil liberties and fundamental freedoms; but not a single one of them attacks what I say is the real problem, namely, the limitation on the constitutional authority of this parliament to deal with that question. So far as Canada is concerned the power to legislate is unlimited, but it is divided into two jurisdictions, that of the dominion and that of the provinces. The dominion has no more power to legislate within a provincial jurisdiction than it has to legislate for the state of Maine or for Belgium or any other country. The provincial and dominion jurisdictions are entirely different.

It has been suggested that the committee recommend an amendment to the constitution of Canada, but confusion arises from the fact that the constitution of Canada is altogether different from that of the United States, where constitutional provisions are binding upon both the federal and state legislatures. In the United States all power flows from the people; it is the people, rather than the federal and state legislatures, who enact the constitution of the United States. The power comes from the people; therefore the people may bind the legislatures. But the British North America Act says that the government of Canada shall be vested in the Queen; and as the Queen—or the King, as the case may be—now accepts advice from responsible ministers who are to some extent under the control of parliament, in this country and other parliamentary countries—cabinet-ruled countries, as distinguished from the United States—the final authority vests in parliament. And one parliament has no power to control future parliaments, so that a bill of rights passed by us now would be ineffective against any other parliament, or against this parliament itself if at a subsequent date it wished to pass legislation amending or disregarding the bill of rights.

To attempt to have our British North America Act amended so as to make it binding upon the Dominion Parliament or the provinces would be to confess that this is no longer an autonomous nation, but rather that it is subject to an overriding authority without our borders; and of course that would be obnoxious to those who, like myself, are intense Canadians. So I am making these observations in the hope that my voice may reach beyond this chamber, and may bring to the attention of those earnest people who are asking the Dominion Parliament for an overriding and all-embracing act, the limitations on our ability to pass such an act.

In my replies to these numerous letters I have endeavoured to suggest the problem, and I have said to nearly one and all: "Have you approached your provincial government about joining in such a declaration? Remember, the Dominion Parliament has no authority within the provincial jurisdiction, nor has the present parliament any power to bind future parliaments". But I get no reply to that suggestion. No complete bill of rights can pass in the Dominion of Canada without the concurrence of one and all of the provincial legislatures with the Dominion Parliament. I hope the knowledge of that fact will spread, and that people will realize that, irrespective of the good will which we possess, we must have regard to practical conditions. For my part, I desire the protection of the civil rights and fundamental liberties of every individual in this land. I am a believer in the rights and dignity of the individual—these things should be inviolate—but I want people to understand the practical means by which a bill of rights, if it is desirable at all, can be brought about.

There is a distinction between a will to observe the rights and dignities of others and a bill to enforce them. The greatest boon that we enjoy in this and other British countries is the common acceptance of the principle that everyone is entitled to live his own life, to express his own thoughts, and to be protected from domination and oppression by others. If a bill of rights will help the acceptance or the observance of that principle, I am all in favour of it, and so of course I am in favour of this resolution.

The motion was agreed to.

STANDING COMMITTEES

ADDITION TO PERSONNEL

Hon. Mr. ROBERTSON moved that the name of the Right Honourable Senator Mackenzie be added to the list of senators serving on the following standing committees of the Senate, namely the Standing Committee on Banking and Commerce, the Standing Committee on External Relations, the Standing Committee on Tourist Traffic, the Standing Committee on Natural Resources, the Standing Committee on Immigration.

Hon. Mr. HAIG: Honourable senators, I think the leader should have proposed that the right honourable gentleman's name be added to the list of members of one other committee, namely, the Standing Committee on Divorce, and I would suggest that that be done.

Some Hon. SENATORS: Carried.

The motion was agreed to.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING

Hon. W. D. EULER moved the second reading of Bill B, an Act to amend the Dairy Industry Act.

He said: Honourable senators well know that this bill seeks the repeal of that portion of the Dairy Industry Act which prohibits the manufacture, importation and sale of margarine in Canada. I am pressing the bill for the third successive session for several compelling reasons. First and foremost always is the desire to restore to the Canadian people the right of freedom of choice to buy butter or margarine according to their own preference, as a matter of democratic principle, just as they are free to choose other commodities. Let the person who chooses to buy butter at 73 cents a pound, or at any other price, continue to do so; but if the wife of a working man with a large family of growing children can buy margarine at half the price of butter, and desires to buy it for that reason or any other reason, she should be permitted to do so. That seems to me to be a fundamental freedom of every Canadian citizen; and that principle of freedom of choice has never in the past two years been attacked by the opponents of this bill; in fact, it has been carefully avoided. My second reason for bringing in the bill is my conviction, which has grown stronger since the last session of parliament, that the vast majority of Canadian people desire the removal of the ban on this wholesome and inexpensive food. My third reason is that since the last session there have been some very important developments affecting this question.

I have dealt only briefly with my first reason because I have debated it before this house on other occasions. Fortunately, no one now questions the wholesomeness of mar-

garine. Probably there is some butter that is better than some margarine; but I am just as sure that there is some margarine that is better than some butter.

Hon. Mr. LACASSE: Hear, hear.

Hon. Mr. EULER: If it were necessary to clinch the question of the wholesomeness of margarine, I need only refer to opinions expressed in the *Canadian Medical Journal*, and a similar publication in the United States, to the effect that in its economic and nutritional aspects margarine is actually better than butter. In this respect I should like to quote from last week's issue of *Time*, a publication which all will agree is reputable. While I do not wish to delay the house by giving a large number of quotations, I feel it is important that I read this short article. It is headed "Butter v. Margarine" and reads as follows:

> Is butter superior to margarine? For years the warring champions of butter and margarine (made from vegetable fat—mostly soybean and cottonseed oil) have been smearing each other, despite laboratory tests on rats and mice that showed no difference in food value. In 1946, three Chicago physicians accepted a grant from the National Association of Margarine Manufacturers to experiment with human beings.
>
> The doctors picked two orphan asylums where diets could be strictly controlled. In one institution, 160 children were given only margarine —for bread, on vegetables and in pastry and frying. In another institution, of 107 children, butter was used.
>
> Last week the doctors reported the results of the two-year test in the *Journal* of the American Medical Association. There was no real difference between the two groups of children—in height, weight, or hemoglobin and red cell count. General health seemed to favour the margarine boys and girls, but the doctors cautiously credited "other variables". Their conclusion: "Whether the greater part of the fat of the diet is derived from vegetable or animal sources has no effect on growth and health. . . Margarine is a good source of table fat in growing children . . ."

That statement, I think, should dispose of the contention as to whether or not margarine is wholesome. As I said before, it is no longer in question.

Now, with regard to my second reason, I should like to give some evidence in support of my conviction that the demand by the public for the removal of this ban is growing very rapidly. I have received letters from literally hundreds of individuals from coast to coast—ranging from clergymen, doctors and lawyers to people in all walks of life—all in favour of margarine. True, two years ago I received a resolution from the Dairy Council of Canada and from the Federation of Agriculture protesting against the removal of the ban on margarine; but this year it is rather remarkable to note that up until two weeks ago I had not received a single communication from an individual who was opposed to margarine. Further, I have received resolutions from women's organizations, soldiers' organizations, and church organizations; from labour unions in large numbers and from boards of trade; from municipal councils, hospitals and restaurants, all demanding margarine. One day about three weeks ago I received from the Niagara district no fewer than 54 letters in one mail. True, they were accumulated as a result of a broadcast by some person in that district asking for opinions on margarine. However, these communications were forwarded to me. I do not propose to take up the time of the house by reading them all, but a few seem to be rather important, and to give a cross-section of the typical feeling of women throughout the country. I am quite prepared to place these letters on the Table, if I am requested to do so. First, a lady writes as follows:

> I am writing to let you know that I think we should have margarine. I have seven children (the oldest is twelve) and believe me it is a problem to give them all the bread and butter they want at the present prices. I can see no reason why I shouldn't have the choice of giving them whichever I think I can afford.
>
> When I visit some of my American relatives, they have margarine, and I can't see any difference in the taste of it and butter. What's good enough for the rest of the world is good enough for Canadian families too.

Another lady writes:

> I am writing to tell you that I too think that the price of butter is too high, and I would very much like to be able to buy margarine in place of butter. We have eight children and we just can't afford to buy all the butter that is necessary for them, so we use just as little butter as possible, so here is my vote for margarine.

A further letter reads:

> I take pleasure in joining the crusade for margarine. It is a national disgrace that poor children have to subsist on lard and beef-dripping where the family cannot afford butter.
>
> I used margarine in 1917 and found it a very satisfactory substitute, and quite palatable.
>
> In countries where it is used, there does not appear to be any hardship to the dairy interests. In fact, where there is a shortage of butter, such a substitute is a necessity, regardless of the difference in price.

Still another letter reads:

> I cannot afford to buy butter at its present price and am one of the many who would like to have the ban lifted from the margarine—or should my children eat their bread without? We had to cut off a number of foods in order to have the main items—meat and vegetables—so why take any more? We want either margarine or a lower butter price.

I have one further letter from that series that I should like to read. It says:

I am just writing a note to add my name to those who would like to see margarine sold in Canada. We have four children, ages five to twelve years, and I just cannot afford the proper amount of butter for them at the price it is today.

I have a cousin in Buffalo with a family of six. Three of her children when they come to Canada will not eat bread here because they don't like butter. She has both butter and margarine on the table at all meals. I have eaten the margarine and can see no difference between it and butter.

If we cannot have margarine then we will have to find something else to take the place of butter, or force its price down within the reach of the workingman's pay.

I have before me a letter which also is typical, but which perhaps expresses my views better than I can myself. It is from Mr. Edward A. Hall, Clerk of the Corporation of the Township of York, which is near Toronto. It reads:

Dear Mr. Euler:

I am instructed by Council to extend to you its thanks and appreciation for your efforts to secure amending legislation which will permit the manufacture and sale of oleomargarine in Canada.

I am not reading the letter because of the first sentence, but because of what follows.

The Council of the Township of York represents over 85,000 citizens, and it is very strongly of the opinion that the present legislation which prevents the competition of another wholesome product with butter cannot possibly be justified at any time, but particularly in view of the present excessive price which consumers are required to pay for butter.

Mr. Hall sent a similar letter to the Minister of Agriculture, and apparently received a reply from him explaining the situation. He did not send me a copy of that reply, but I have a copy of what he wrote afterwards to the Minister. It reads:

Hon. James G. Gardiner,
Minister of Agriculture,
Ottawa, Canada.

Dear Sir:

I have your letter of the 26th instant and wish to thank you for the comprehensive explanation of the situation with respect to the problems arising out of the sale of butter.

While the question of the sale of oleomargarine has been brought to the fore by reason of the very high price of butter, it is not solely by reason of this fact that Council is urging the government to withdraw the ban on the manufacture and sale of oleomargarine. The Council feels that to prohibit the manufacture and sale of one product in order to benefit the producer of another product is quite unjustified. It feels that the consumers of the country should be entitled to choose between oleomargarine and butter just as freely as they can use their discretion in the purchase of other commodities, and it is accordingly hoped that the government will take the necessary legislative action at the present session to accomplish this.

He makes the argument, I think, better than I have made it.

Here is a letter which I received only today:

Dear Mr. Euler:

I happen to be Associate Secretary of the General Board of Religious Education of the Anglican Church, and I am writing to thank you sincerely for the unceasing effort you are making to get margarine manufactured in Canada . May I express the hope that you will not rest in this matter—

I shall not rest very much.

—until parliament makes such production legal. One wishes only well to a great and important industry such as the dairy industry in our dominion, but no interest should be allowed to stand between the will of the Canadian people and the carrying out of that will.

I will read just one more letter. This is from the Kitchener-Waterloo Branch, No. 50, of the Canadian Legion, and is addressed to me. It says:

We thought it might be of interest to you to know that this zone of the Canadian Legion, which takes in eleven branches in places such as Stratford, Guelph, Galt, etc., passed a resolution at a recent zone meeting appealing to the government to allow the use of margarine.

This resolution was forwarded through our regular Legion channels, and will be passed on through our dominion command in Ottawa.

There is perhaps no better indication of the feeling of the people of our country than is reflected in the newspapers from coast to coast. While I do not read all the papers, I may say that in only one newspaper, about a year ago, have I found an attack—and a very mild one—on the use of margarine. I will mention the names of some of these newspapers: they came to me in the ordinary course of events, for I have no clipping service, and in no case was their editorial support solicited by me. They include: the Vancouver *Sun*, the Regina *Leader-Post*, the *Saskatoon Star-Phoenix*, the *Winnipeg Free Press*, the *Winnipeg Tribune*, the *Windsor Daily Star*, the Fort Erie *Times-Review*, the *Brantford Expositor*, the *Toronto Daily Star*, the Toronto *Globe and Mail*, the Toronto *Telegram*, the Toronto *Saturday Night*, *Maclean's* magazine, the *Financial Post*, the *Peterborough Examiner*, the *Kingston Whig-Standard*, and the *Ottawa Citizen*—as well as a resolution passed by the corporation of the city of Ottawa in favour of oleomargarine—the Montreal *Herald*, the *Montreal Daily Star*, the Montreal *Gazette*, the Montreal *Standard*, the Quebec *Chronicle-Telegraph*, the *Halifax Herald*, and the Sydney *Post-Record*. I am pretty sure that the same attitude is taken by many others that I do not know of.

Perhaps I will be pardoned if I read a few editorials. I have a great many of them; in fact there is in my possession such a wealth of quotations, information and expert opinion that it is really an embarrassment of riches If I see that the house is becoming bored, though I intend to be brief, I will discontinue the reading of this material. In nearly all cases what I will read is not all that they say, but just such portions as may be of most interest to members of the Senate.

First I will read from an editorial in the *Halifax Herald,* because I believe the *Herald* was the first among our newspapers to take up the cudgels on behalf of margarine. The writer refers to the bill which I introduced at a former session, and he says:

> That bill did not even pass the Senate and, of course, never reached the House of Commons. It encountered the implacable hostility of Canadian dairying interests—and the government itself displayed little or no concern in the matter.
>
> But the people of Canada are interested—from sea to sea—and will expect reintroduction of the Lift-the-Margarine-Ban Bill at the forthcoming session.

My next quotation is from the Toronto *Globe.* I think—in any event I hope—there is no political bias to any of these articles, because the question is not a political one:

> Those who argue that margarine would be the ruination of our dairy industry will surely have to look far afield for support. Margarine is freely sold in the State of New York, but that, as a correspondent to this newspaper has pointed out, has not prevented butter from reaching a retail price of 93 cents a pound, while margarine sells at 37 cents to 43 cents. The fears and apprehensions of the dairy industry would thus seem to have little foundation.
>
> On the moral side, the case for the margarine ban collapses absolutely. Laws which deny the people their right of choice are the antithesis of democracy. We are capable of manufacturing margarine in Canada and we certainly cannot justify, as the government has sought to do,—

Maybe there is some political flavour in that comment.

> —import bans on an international scale. Much less can we justify the government's proposal, made in its offer to Newfoundland, to create a tariff wall between provinces.

I am not sure that the government has made any such proposal, or that it intends to create a tariff wall between provinces.

> If Newfoundland were to vote itself into Confederation,—

And to that particular aspect of the question I will pay a little attention later on.

> —the margarine ban would have to go—being unconstitutional—or the government would have to repudiate one of its important promises to the new province.

I see that my friend the leader of the opposition (Hon. Mr. Haig) is not quite as interested as he ought to be, and as I should like him to be.

Hon. Mr. HAIG: I was just thinking that as recently as the present session, His Honour the Speaker did not allow me to read editorials, and I was wondering how you were getting away with it.

Hon. Mr. EULER: If I am not transgressing the rules of the house, I should like to make just one reference which, I think, may please my honourable friend.

Hon. Mr. HAIG: To be quite candid, I was listening very attentively to what you were saying; but, as you were reading from these editorials I was just wondering when you would be stopped.

Hon. Mr. EULER: I am sure my honourable friend will not want to stop this; nor is there any reason for stopping it. Some two years ago, when this bill was introduced into this house, he adjourned the debate for three weeks in order that he might go to his own city of Winnipeg and consult the people out there. I think I am correct.

Hon. Mr. HAIG: Which I did.

Hon. Mr. EULER: He returned, and he read—he will correct me if I am wrong—what I thought was a brief prepared by the butter or dairy interests. I believe I mentioned that to him, and that he admitted it.

Hon. Mr. HAIG: No, no.

Hon. Mr. EULER: I asked him also, "Did you consult any of the consumers of Canada?" and he said, "No, I did not." When the government imposed on butter a ceiling price of 73 cents a pound, my honourable friend, when interviewed by the Winnipeg *Tribune,* expressed some indignation at this price of 73 cents.

Hon. Mr. HAIG: Seventy-one cents.

Hon. Mr. EULER: I think the fixed price is 73 cents.

Hon. Mr. HAIG: In Winnipeg it is 71 cents.

Hon. Mr. EULER: I shall accept that correction.

Hon. Mr. ASELTINE: In Saskatchewan it is 70 cents.

Hon. Mr. EULER: I believe it is 74 cents in the Maritimes.

Hon. Mr. HAIG: They are backward down there, you can understand that.

Hon. Mr. EULER: I do not mind if we inject some humour into this discussion, but my friend said in an interview in the Winnipeg *Tribune* that he had a great deal of consideration for the farmer. He also said, "While I have a great deal of consideration for the farmer, the consumer also has some rights." That statement has almost led me to hope against hope that he feels now that the consumers are deserving of consideration, and that he perhaps will support my bill.

Hon. Mr. HAIG: I spoke two years ago. I did not speak last year, so you still ought to have your hopes.

Hon. Mr. EULER: I recall that my friend did not speak on the bill last year; neither did he vote for it.

Hon. Mr. HAIG: Oh, no.

Hon. Mr. EULER: In the United States there is a similar situation with variations. I have said that Canada is the only country in the world that prohibits margarine, and so far as I know that is true. Although they do not prohibit the manufacture of margarine in the United States, some states have restrictions against it. For instance, in some states they put a tax of 10 cents a pound on the margarine if it is coloured to look like butter. In some other states they collect a very heavy licence fee from the wholesalers and retailers of margarine. The tax in the state of Pennsylvania was attacked as being unconstitutional and in restraint of trade, and was disallowed in the courts. They still have their difficulties in the United States, and last year there were actually no fewer than five bills in Congress directed towards the repeal of federal restrictions against margarine. The fight is on again now.

Hon. A. L. BEAUBIEN: Some are state restrictions.

Hon. Mr. EULER: Yes, but there are also federal restrictions. I should like to read an extract from *The Christian Science Monitor*, one of the most reputable papers in the United States. It is as follows:

> Margarine is vegetable fats and oils prepared by a chemist in such a way as to satisfactorily take the place of butter, which is also vegetable fats and oils that have been put through a cow. The chemist's product equals the cow's product in nutritive values, and is less wasteful of raw materials, such as much-needed grain, etc. It is a step in advance of the older, more laborious process.
>
> Senator Fulbright of Arkansas has introduced a bill to end discriminatory federal taxation that now restricts the manufacture and sale of margarine. Many states have similar laws which need attention. For instance, the better margarines—those on which the chemists have spent the most time and effort to make them satisfactory as butter substitutes—can be secured in the State of Washington only by signed special orders paid in advance. But across the line in Oregon this product is sold freely.
>
> At present prices many families find it necessary to economize on butter and milk. Would not such families be better fed if they bought margarine in place of butter, and used the savings to buy more milk?
>
> Should we not ask our congressmen to give Senator Fulbright's bill their support? Also, we can let our state legislators know that we wish these outmoded restrictions on the free sale of margarine removed.

That is a nation that has margarine. They at least have it; but we have not got to first base so far as having it is concerned.

There is an editor's note to that article which reads:

> Most margarine is naturally yellow. It is bleached white to conform to the laws which require an uncoloured product.

Now I wish to read from another reputable United States paper, the New York *Times*, of December 20, 1947. It says:

> For sixty-one years, ever since 1886, the sale of margarine has been conducted under the handicap of restrictive and discriminatory law. Dairy and farm interests, affecting a tearful and altruistic concern for the consumer's welfare, have managed to block at almost every step the efforts made through the years to lift this yoke laid down in federal and state law. Now Senator Fulbright of Arkansas is determined to try again. He has introduced a bill to repeal all federal taxes on margarine on grounds that they are "directly opposed to the spirit of free enterprise." He sees these taxes and licence fees as the only levy made on a domestic product for the benefit of a competing product.

I hope honourable senators can see the parallel.

The extract continues:

> With butter at about $1 a pound retail; with hospitals, schools and other institutions struggling to keep their heads above water because of high prices, and either forced by law to serve no margarine, or otherwise handicapped in its use; with some states barring entirely the sale of coloured margarine; with the people of low income, who are the heaviest users of margarine, bearing the chief burden of the unjust, discriminatory tax—surely this is the time to stop listening to the sob stories of the interests fighting margarine and to begin listening to the people as a whole.

Perhaps that is putting it a little more vigorously than I do.

I have another article here which states that the Canadian hospitals are now appealing to be permitted the use of margarine. Surely we need have no fear as to the wholesomeness of margarine if our hospitals are demanding its use.

I should like to make reference to another article for the benefit of my good friend from Queen's (Hon. Mr. Sinclair). I think the

people of the little island are rather opposed to margarine because they are largely engaged in dairying. A little paper called the *Island Farmer,* which was brought to my notice the other day, gives the menu for a Monday. I will just read what was provided for dinner. Here it is:

> Left-over chicken fricassee with chopped hard-cooked eggs on toast, canned peas, baked potatoes, sliced tomatoes, enriched bread, fortified margarine, baked cinnamon apples, top milk, coffee, milk.

I think my friend will have to take that little paper to task. I have many more quotations of the same nature, but I shall not burden the house with them.

I have stated that among my reasons for bringing this bill before parliament again were certain new developments which have arisen since the last session of parliament. Naturally the first of these is the shocking increase in the price of butter and other foods. Surely it is indefensible to deny to the people of this country one small method of cutting down the cost of living. I do not know what fair reply can be given to the millions of consumers in this country. There have been shortages of butter for ten years at least, and there will always be shortages. I was amused some weeks ago when the president of one of the dairy organizations—I think it was in the province of Alberta—made a naive suggestion that the people of Canada could cure this shortage themselves. He said that it was entirely in their own hands: "Why don't they eat less butter?" In other words, by having less you have more, I suppose. I wonder if it ever occurred to that gentleman that when people cannot find a certain commodity they would like, or cannot afford to buy it, they very naturally go and buy anything else that they can get for a substitute. If a farmer cannot afford to buy a tractor, I suppose he reverts to the use of the horse and plow, and so on. Would you prevent a man from buying a Ford or a Chevrolet because he cannot afford to buy a Buick car or a Cadillac? If he cannot afford to buy a fur coat for his wife, would you make it impossible for her to get one made of cloth?

Hon. Mr. ASELTINE: There are different grades of cars and of coats, but not of butter.

Hon. Mr. EULER: But there is something that is just as good as butter. If a woman cannot afford to buy silk stockings, or if, as was the case some time ago, they were not available, would you prevent her from obtaining woollen or cotton stockings? I admit that these are not nearly as attractive as silk; but would you prohibit their purchase by anyone who wanted them? And if a person cannot afford to buy beefsteak, should there be any law prohibiting him from buying humbler kinds of meat, perhaps, such as sausage or liver? No one would dream of withholding from the people of Canada the right to buy a substitute for any other commodity than butter.

So we come right back to the democratic right of freedom of choice. That is, as I said before, a right that has not been denied in principle, and cannot be denied. Whether it shall be set aside, in order to serve what some may regard as an overriding special interest, must be the responsibility of every senator. As for myself, I can see no justification whatever for the violation of that undoubted democratic right of freedom of choice that applies in all other democratic countries, and in Canada applies to all commodities except margarine. I say without reservation that this prohibitory law is bad; it is unjust; it is subversive of liberty; and there is no such law in any other country.

I should like now to come to some new developments which I am sure are of extreme interest to all of us. First, there are the trade agreements made at Geneva. I can well remember that two years ago, when a conference at Geneva of many of the prominent trading nations of the world was mooted, it was said that one of the principles upon which the conference would be founded was that no country entering into any agreement could absolutely ban the importation of products of any other member-country, and that if any member-country had a definite ban upon the importation of a commodity from another member-country, that ban would have to be removed. I recall very well that the leader of the government (Hon. Mr. Robertson) and my friend from Queen's (Hon. Mr. Sinclair) advanced, as a reason for rejecting my bill in 1946, the argument that if the nations, including Canada, arrived at an agreement at Geneva, margarine would thereby automatically become available to the people of Canada. If I am misquoting my honourable friends, they are here and can correct me.

Hon. Mr. SINCLAIR: That was in 1947.

Hon. Mr. ROBERTSON: I think that what my honourable friend says is right, except that it was last year.

Hon. Mr. EULER: I thought it was the year before. The further argument was made by the senator from Queen's—an argument that I took for what it was worth, although as I said at the time I did not have a great deal of confidence in it—that it would be unwise to remove the ban on margarine at

the time, because we could use that as a bargaining factor in getting some concessions from other countries, particularly, I think, the United States. There was very little expectation, I think, in this country or elsewhere, that out of that conference of some twenty-five or twenty-six countries at Geneva agreements would emerge. But to everybody's satisfaction that did happen, and Canada is one of some eight countries that have signed definite agreements. These agreements place upon Canada the absolute obligation to repeal the ban on the importation of margarine. When I say that I am speaking by the book. At the meeting of the Committee on Canadian Trade Relations on December 17 last we had present as witnesses Mr. H. B. McKinnon, Chairman of the Tariff Board, Mr. J. J. Deutsch, Director of Economic Relations, Department of Finance, and Mr. H. R. Kemp, Director of Commercial Relations Division, Department of Trade and Commerce. In the course of the hearing questions were put, and answers made, as follows:

The CHAIRMAN: Is this not the situation with regard to oleomargarine, in which I am slightly interested?

Hon. Mr. MacLENNAN: "Slightly" is right.

Hon. Mr. EULER: There were these questions and answers:

The CHAIRMAN: Is this not the situation with regard to oleomargarine, in which I am slightly interested: the prohibition against the importation of margarine will have to be removed?

Mr. DEUTSCH: That is right.

The CHAIRMAN: But Canada has the right—and I am told it will be exercised—to put a prohibitive tariff against oleomargarine.

Mr. DEUTSCH: The rate on oleomargarine was not bound, and therefore we are free to do what the government decides about the rate on margarine; but so far as the prohibition is concerned, this general agreement will not permit the continuance of the prohibition on oleomargarine.

I think that answers the question pretty well. But frankly, I was rather surprised to read the question asked in another place by the leader of the opposition, Mr. Bracken. It was this:

I wish to direct a question to the Prime Minister. It arises out of the fact that we have on the order paper a bill to amend the Dairy Industry Act with regard to oleomargarine. My question is this. Did the government in signing the Geneva trade agreements agree to remove the embargo against the importation of oleomargarine?

The Secretary of State for External Affairs answered the question, but I must say his answer was so very technical that I was not able to follow it. Neither was Mr. Bracken, who asked this further question:

Might I ask him what was the intention of the government with respect to the embargo on margarine when this agreement was signed?

The speaker declared that question out of order, but I can answer it. I know, as a matter of fact, that our negotiators at Geneva very definitely, and I presume on instructions from the government, asked the representatives of the other countries, signatories to the agreements, to except margarine from the list of commodities upon which the ban must be removed, and those other countries refused unanimously. Our negotiators then acceded to the terms of the resulting agreements. I contend that our representatives at Geneva definitely and in good faith agreed to accept the obligation to repeal the ban on the importation of margarine, and I must admit that I was just a bit taken aback by the explanation given in another place that legal officers of the Department of Justice were now looking about to find whether we really were obliged to repeal the ban on margarine. I hope they do not find any technical reason why we do not have to live up to our obligation; and even if they do find one, I hope that we shall still live up to our undertaking, which was given in good faith by our negotiators and accepted by those of the countries with which we made the agreements.

Hon. Mr. HAIG: I think the honourable gentleman misunderstood what was said in the other place. The meaning I took from it was that the government were not asking for an opinion as to whether we could get out from under the Geneva agreement, but as to whether a customs duty could be imposed against margarine.

Hon. Mr. EULER: That is not as I understand it. The tariff is another matter. I was about to come to that question. I can say now that there is no doubt that the government can put a prohibitory tariff against margarine if it so desires.

Hon. Mr. FARRIS: Can it do that under the spirit of the agreement?

Hon. Mr. EULER: That is another question.

Hon. Mr. HAIG: That was my thought.

Hon. Mr. EULER: I asked that question of one of the officials of the Department of Trade and Commerce—I think it was Mr. Deutsch—and he replied that the government, despite the fact that the ban had to be removed, had the right to impose a tariff. I presume there is no limit as to the height of

that tariff; it might be an absolutely prohibitive tariff. In my opinion, and in reply to my friend's question, that would be entirely contrary to not only the spirit of the agreement but the principles of the party to which I belong—and this is not a party question.

I was about to suggest that if the government are submitting a question to the Department of Justice as to whether the law banning the import of margarine from other countries must be repealed, they might at the same time ask the department or the Supreme Court whether the law as it now stands is constitutional. I am informed by very sound legal authority that this law could not stand the test in the courts, because it is an invasion of provincial jurisdiction in the matter of property and civil rights. My friend, the leader opposite, may have some opinion on that point. But I do think that if the matter were submitted to the Department of Justice, or to any competent court of law, the whole matter might be settled right there, by having the present prohibitory law declared invalid.

In all this nothing is said about the manufacture of margarine in Canada. I have no particular objection to a tariff being placed on its importation, because I should like to see margarine manufactured in this country rather than be imported from the United States or elsewhere.

Members will have read in the press some of the advertisements sponsored by those opposing margarine in which it is said that the vegetable oils would have to be imported from the far eastern countries. These advertisements actually show pictures of the poor black fellows—slave labour as they call it—producing vegetable oils, and they ask: "Do we want that oil to come into Canada in competition with the products of our poor farmers?" As a matter of fact, we do not need to import any oil whatsoever. The United States does not import any oil for the manufacture of margarine, and we would not do so either, even from the United States.

Since we met last session there has been a further and, to me, rather shocking new development. For some months last year representatives of Newfoundland were in Canada conferring with representatives of this country as to the terms upon which Newfoundland might come into the federation as the tenth province of Canada. A point was finally reached where the Canadian Government made a definite offer to Newfoundland. I assume that Newfoundland, should she become a province of Canada, would be subject to the laws of Canada. It is well known that Newfoundland manufactures an excellent quality of margarine. As the law of Canada now prohibits the manufacture of margarine in this country, Newfoundland, upon becoming part of this country, would have to close its margarine factories. Moreover, clause 121 of the British North America Act distinctly provides that the products of any province in the dominion may pass freely into any other province. Yet we have in this offer to Newfoundland—we might call it a white paper, because it was officially issued by the government—a clause 21 which reads:

Notwithstanding anything contained in the Dairy Industry Act—

That is the Act which I am trying to have amended.

—or any other Act of the Parliament of Canada, oleomargarine and other substitutes for butter may continue to be manufactured and sold in Newfoundland after union unless prohibited or restricted by the Parliament of Canada at the request of the Legislature of Newfoundland—

Such a request would never come from Newfoundland.

—provided that notwithstanding anything contained in section 121 of the British North America Act, 1867, no such oleomargarine or other substitute for butter may be exported from the Province of Newfoundland to any other part of Canada except by authority of the Parliament of Canada.

I hesitate to say this, but it looks as though the government of this country were willing, not only to violate the law of Canada by permitting the manufacture of margarine in Newfoundland, but also to violate an important clause in the British North America Act by refusing to allow Newfoundland to export margarine to the other provinces of Canada.

Hon. Mr. FARRIS: Perhaps it is intended that the B.N.A. Act be amended.

Hon. Mr. EULER: Very well; but if the British North America Act is changed, what will happen? It will mean that one province in Canada can make a product that is not permitted in any of the other provinces; further, it will mean the setting up of arbitrary lines between the provinces. If that can be done with respect to Newfoundland, what is to prevent the Province of Ontario setting up a tariff wall against the Province of Quebec or the West or any other part of Canada, restricting their products, and thus, to my mind, destroying almost entirely the very spirit on which confederation was formed?

I admit some hesitation in making these remarks, but I wish that the government would take their courage in their hands, and without fear of any possible results would repeal this law, which is so unfair to the consumers of Canada. No such fear is well founded, in any case.

The argument against margarine has now been reduced almost entirely to its compassionate aspects. A few weeks ago, on the invitation of a ladies' organization in the city of Montreal, I had the pleasure of debating this subject. Mr. Hannam, whom I am tempted to call "the sob-sister of the Canadian Federation of Agriculture," was on hand to take the other side. We also had with us a doctor who is an expert on nutrition at one of the Montreal hosptals. I made very much the same argument in favour of margarine as I have made on other occasions. Mr. Hannam spoke quite movingly about the difficulties of the farmers and the high cost of making butter, which, while regrettable, really has no bearing on the matter at all. He concluded his remarks with this statement: "All other commodities have protection; why not butter?" I had the privilege of reply. I said: "Butter has tariff protection today of 12 cents per pound; but when you talk of protection for all other commodities you are not thinking of agricultural implements, for which there is no protection at all." Then I made this comment—and I leave it to the judgment of the house whether it is not perfectly fair—"You cannot compare things which are not comparable."

"Protection" in Canada has always meant tariff protection against foreign goods. But this prohibitory law is not protection at all in the ordinary sense; it is prohibition of the production of goods within Canada itself, prohibition of competition of Canadians against Canadians. There is no commodity except butter which has that kind of protection in this country.

Hon. Mr. ASELTINE: Is a copy of that broadcast available?

Hon. Mr. EULER: I think I can give my friend a copy.

Let me now deal with the objection which is based on a fear that the farmer—or rather the dairy interests, for I do not believe the farmer is affected—would be ruined. It is my contention that the farmer can sell all the milk and butter and cheese and cream he can produce. We now have this extraordinary situation. In the United States the price of butter has always been higher than in Canada, yet there they have competition from margarine; in Canada butter has always been lower in price, though it has no competition from margarine. Now, under the Geneva trade agreement, butter will have a tariff protection in the United States of only 7 cents per pound. If, as has not happened in ten years, there should be a surplus of butter in Canada, it is quite possible that butter could be exported to the United States over the extremely moderate tariff wall of 7 cents a pound.

The use of margarine has not ruined farmers in any other country. It has not ruined them in Denmark, relatively the greatest butter-producing country in the world; it has not ruined them in Great Britain; nor in the United States, where, as I have said, the price of butter has always been higher than elsewhere, and is even now in the neighbourhood of 90 cents a pound, although you can buy the best quality of margarine for from 40 to 42 cents a pound.

Before I conclude my remarks I should like to make what I regard as a very important statement. Every ingredient of margarine can be produced on the Canadian farm. I make this statement on the highest scientific authority in this country. In Britain they use the oil of the peanut, or, as they call it, the ground nut. I am told the same is true on the continent. In Newfoundland they use whale oil and seal oil, refined—strangely enough—in the city of Toronto and exported to Newfoundland, where they make it into margarine, although we in this country cannot do so. In the United States the ingredient most largely used is, I believe, cottonseed oil. Soybean oil and sunflower seed oil are also used. In Canada, of course, we have no cottonseed oil, but there need be no shortage of vegetable oil. In Manitoba last year the production of sunflower seed was doubled, and $48 worth was taken from each acre under cultivation. We can produce an abundance of sunflower seed, soybeans, rapeseed and—if you like to put it in our margarine—milk. I repeat that I have scientific authority for the assertion that excellent margarine can be manufactured right here in Canada from the products of the Canadian farm.

Our farmers—I say this in no spirit of criticism—complain that it costs at least 67 cents a pound to produce butter. Surely that is no reason why the man who cannot afford to pay that much for his butter should be deprived of the opportunity of buying an excellent substitute. And if the Canadian farmer can supply at a remunerative price the ingredients for making margarine, we can establish in this country an industry which not only will be beneficial to our consumers, but will benefit the farmer himself by providing him with a new and substantial source of revenue.

May I say in conclusion that I have tried to present the case for margarine fairly and with reasonable moderation. The question

of margarine may be regarded by some as relatively trivial compared with the great problems that confront Canada, but there is a vital democratic principle involved which should not be ignored. In view of that, and of the immediate difficulty of our people in meeting the high cost of living; in further view of the certain embarrassment which must arise from the terms of the Geneva agreements and of the offer to Newfoundland, and the genuine doubt as to the validity of this prohibitory law, which reputable constitutional lawyers say is *ultra vires* of this parliament, in that it invades the civil and property rights of the provinces, I appeal to the members of this chamber to do what they can to restore to the millions of Canadian consumers a right which is not denied to the people of any other country in the world.

Right Hon. Mr. MACKENZIE: May I be permitted on second reading to ask a question of the honourable senator who has just finished speaking? He is a very old and tried and trusted friend of mine, and he has made, I think, an excellent address. My question is purely factual. Would he be prepared to insert in his suggested legislation a clause to provide that where the effect of the introduction of oleomargarine is proved to be substantially damaging to the Canadian dairy industry there should be regulations made for the protection of that industry?

Hon. Mr. EULER: My answer to the senator would be that I do not believe anything can override the definite right of the Canadian people to use whatever they choose.

Hon. Mr. COPP: If I may be permitted, I would ask the honourable gentleman a question, solely for purposes of information. I have enjoyed his remarks and appreciate the great amount of information he has given the house. He has explained to us that margarine is made from pure oils; that it is as nutritious as, or even more nutritious than butter, and just as attractive. Why have it coloured to look like butter?

Hon. Mr. EULER: For the reason that the more attractive you can make any product the better; for the same reason that one would sooner sit down to a table furnished with a fine linen table-cloth, good silver and all the rest of it. Such a setting may make poorly-cooked food more palatable than good food served in an inferior way.

Hon. Mr. COPP: I do not know why colour improves the taste of margarine.

Hon. Mr. EULER: Would not the senator rather have margarine if it was coloured like butter?

Hon. Mr. COPP: No.

Hon. Mr. EULER: Well, that is where we differ.

Hon. C. C. BALLANTYNE: Honourable senators, we have listened to a very informative speech on margarine, and I am sure it will be helpful to every member of this house. I shall not delay you at any great length in speaking on this important bill, but I desire to make it abundantly clear that in what I say I am expressing my own views, and that they do not bind my party in any way.

As honourable senators well know, there are two schools of thought in regard to this bill. On the one side are the dairy interests, and on the other the great mass of the people, particularly those of the poorer classes.

It has often been stated here that one of the fundamental duties of the Senate of Canada is to protect minorities, but this afternoon I hope my remarks will be taken as being in the interest of the majority. I do not claim to be a farmer, but I was born on a small farm not far from here, and at the age of fifteen moved to Montreal, where I have lived ever since. Years ago my late brother and I bought a dairy farm, and for thirty odd years we did our best to run it; but because we were getting old and farm labour was difficult to obtain, we had to sell our herd.

I know of no class of people in Canada that lead such a slavish life as those who own and operate a dairy farm. They rise when it is hardly daylight and they work until dusk. Whether their cows are milked by hand or by machines, there are always the chores of washing up and keeping the cow barns sanitary. The man who looks after the herd has to know his business. Therefore, I find no fault with the fact that butter is now selling at 71 or 73 cents. After all, the agricultural people of this country have just as much right to make a profit on their products as have those who are engaged in the manufacturing business.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. BALLANTYNE: Honourable senators, I think it will be quite some time before we can reasonably expect to buy butter at as low a price as it sold for twenty years ago. Before the last world war $40 a month, with board, was considered a very good wage for a hired man. Now he receives from $3 to $5 a day. Farmers cannot afford to pay their help the wages demanded, and they are faced

with a greatly increased cost of feed. For these reasons, as I have said before, I am not going to criticize the present price of butter —and I do not expect it to be much lower for some time. Canada exports a certain amount of butter, but for several years now our dairymen have been unable to take care of this country's requirements; and we are entering a period when butter will be even more scarce. That is the dairymen's case.

Now let us turn to the need for oleomargarine. In every city and town from one end of this country to the other, thousands upon thousands of young, undernourished people need vitamins and fats. May I be pardoned for referring to my own city of Montreal? It is something I seldom do. Montreal is over 300 years old and has many crowded and narrow streets. Some dwellings are as old as fifty or seventy-five years, and in some parts of the city the second storeys of houses are reached by outside staircases. Most Canadian cities and towns have grass plots for the children to play on. That is not so in Montreal. Our children play in the streets unless they can get to a public park, and it is the plight of the pale and emaciated children I have seen as I have driven through the great city of Montreal which prompts me to support the bill presented by my honourable friend from Waterloo (Hon. Mr. Euler).

I do not want to injure the dairy industry; I would be the last man to do so; but I am firmly convinced—I may be wrong—that oleomargarine will not affect it at all. I feel there is a place in Canada for all the butter the dairy industry can produce, and I hope those engaged in it will make a reasonable margin of profit. But there is also a large demand for oleomargarine.

I have had to decide for myself which side I would take in this matter, and really, honourable senators, in all conscience I could not vote against a measure that would remove the ban on margarine. After all, our young children and our older people need nourishment. Never have the people of Canada lived under such deplorable conditions as we have today. As a result of the two world wars, living accommodation is over-crowded and the prices of everything are away up. When it comes to getting butter, Canadians cannot really afford to buy it—which is not to be wondered at with the price at 72 or 73 cents a pound—so they have to do with very little or with none at all.

I feel that anything I can do to prevail upon the government to remove the ban on margarine in Canada will be of assistance to a large majority of people, who are in dire need. I do not know that there is much more to be said. The honourable senator who introduced the bill covered the ground very fully. He pointed out—quite significantly, I think—that the two large dairy countries, Denmark and the United States, manufacture and consume margarine. I hope that at an early date we will have legislation permitting the manufacture, sale and consumption of margarine in Canada.

Before I resume my seat, I should like to read two letters which were sent to me. One is from the Family Welfare Association of Montreal which, I might explain, is the same as the Community Chest in Toronto. This association is a marvelous organization, and this year collected $700,000. In addition to this organization there is a French-Canadian federation, an Irish-Catholic federation, and a Jewish organization. Perhaps I should say that the Family Welfare Association does not give help to a family immediately a request is received, but sends a representative to make a personal investigation of the family's condition. Here is the resolution passed by the directors of the association, at a meeting held on March 26, 1947:

Whereas the short supply of butter precludes the use of this product by the low income group.

Whereas the decontrol of butter will inevitably increase the price of this product and further affect its use by the needy of our community;

Whereas the use of butter substitutes such as oleomargarine has been recognized by all countries except Canada;

Be it resolved that the Family Welfare Association of Montreal urge the federal government to pass legislation allowing the sale of oleomargarine in Canada, and that copies of this resolution be forwarded to all agencies in Montreal interested in the maintenance of proper food standards, and request support of this resolution.

And here is a recommendation from the Canadian Restaurant Association:

Whereas the rapid rise in living costs as indicated by the cost of living index and the daily experience of consumers presses most heavily upon the medium income groups, a high proportion of whom necessarily take their meals in restaurants;

And whereas restaurant operators find themselves faced with a steady increase in price of those items which they process for restaurant patrons;

It is therefore recommended by the Canadian Restaurant Association that immediate steps be taken to legalize the manufacture and sale of oleomargarine in Canada, particularly in view of the fact that statistics published by the government reveal that there is not now an adequate supply of butter available for domestic use.

The foregoing recommendation is offered after the most careful consideration and reference to restaurant operators' opinions from coast to coast. It is urged in the sincere belief that the

adoption of the foregoing recommendation would be of material assistance to the restaurant industry in controlling its costs without injury to the health of the consumers, the latter statement being predicated upon the assumption that the manufacture of oleomargarine would only be permitted under strict government supervision and the establishment of high standards of purity and nutrition.

Hon. Mr. MacLENNAN: If the ban on margarine were lifted, would the restaurants reduce their charges?

Hon. Mr. BALLANTYNE: I should say that if they have the big heart that my honourable Scotch friend has, they would.

Honourable senators, the dairy industry would not be injured in any way by the passing of this bill. What we have to ask ourselves is this: Can this house, can parliament, refuse to act when hundreds of thousands of people are crying for more fats and vitamins? Can we take that responsibility and give as our only reason the fact that dairy associations are opposed to oleomargarine? I hope that when the time comes to vote upon this bill, the Senate will be guided by the motto of the Boy Scouts—Do one good deed every day—and pass the bill.

Hon. R. B. HORNER: Honourable senators, I too have received a good many letters —from farmers' organizations throughout Canada. It is strange that all the letters received by the honourable senator from Waterloo (Hon. Mr. Euler) should be of one kind, whereas all those I received are of another. However, I agree with him on one point. When I am refused permission to sell where I please, I am greatly annoyed. And right here I will offer to make a bargain with the honourable gentleman. If he removes the embargo on the shipment of Canadian cattle to the United States, I will support his bill.

Hon. Mr. EULER: My honourable friend knows that it is easier for him to support my bill than it is for me to remove the embargo on the export of cattle.

Hon. Mr. HORNER: The question of the export of our cattle was taken up at the Geneva conference, and the United States generously raised its quota on imports of large cattle from 225,000 to 425,000, and on calves and light cattle from 125,000 to 225,000. But the Canadian government says: "No, you must not sell to the United States." Even when our stockyards were crowded, when the packing houses could not handle all the cattle available and we had not enough feed for them, the government still refused to let us ship to the United States, on the ground that the higher prices secured there would result in increased meat prices in Canada.

Now we are asked to do something that would press the farmers further down. The life of a dairy farmer is already hard enough, as I know. I speak from intimate knowledge—if I may be allowed to refer to it—because I personally have been milking cows for fifty-five years. The honourable senator from Waterloo (Hon. Mr. Euler) says that butter has been scarce for ten years. I do not think so. It is strange that some people get all worked up because the price of butter has been around 70 cents during the last three months. I maintain that the price should have been that high for the last four years.

Hon. Mr. EULER: Who can buy it?

Hon. Mr. HORNER: People are buying it. I have stated on two or three occasions in this chamber that there would be plenty of butter if the price was high enough. As things have been, farmers could not afford to make it. You cannot have an eight-hour day on a dairy farm, unless you have more than one crew. You have got to get up early for the first milking of the cows, and more than eight hours must go by before you can do your second milking. In the province where I live conditions are different from those in the East. We have large areas of grass, but no big cities in which to sell whole milk. If we were able to get a profitable market, we could produce a great amount of butter.

When we are considering the injury that would be done to the dairy industry if this bill were passed, we should think of the children and other people who drink milk every day. When butter is made, milk is abundant. If you interfere with the dairy industry in such a way that you curtail the production of milk, what effect will that have upon the children of this country?

Hon. Mr. EULER: Would it not be better to let them drink the milk, instead of using it to make butter which people cannot afford to buy?

Hon. Mr. HORNER: People can afford to buy butter, at the present rates of wages. I believe that eventually there will be plenty of butter, and that the price will go down to 60 cents or less.

Like other senators, I received a communication from the Restaurant Association. But before we indulge in a lot of sympathy for the restaurants, let us not forget some of the things they have done in recent years. I know something about this, because I travel about a good deal in Canada. They increased their charge for a cup of tea or coffee from 5 cents to 10 cents. When the price of butter

went up they raised their charge for meals and cut the customer's butter ration in two, so they gained in both ways.

I have some correspondence on this subject which, unfortunately, is now up in my room. I emphasize that I am very strongly opposed to the proposal to allow the manufacture and sale of margarine in Canada. I would just like to say to my honourable friend who gets so alarmed about prohibitions: if he will take as strong an interest in lifting the ban on the sale of cattle to the United States as he has in the sale of margarine, I think we can get together.

Some Hon. SENATORS: Hear, hear.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I should like to compliment the senator from Waterloo (Hon. Mr. Euler) on a most excellent address. In commenting upon it I do not propose to repeat what he has said. I also wish to express my appreciation of what the honourable gentlemen from Alma (Hon. Mr. Ballantyne) has had to say.

No more eloquent address was ever made than that by the founder of Christianity when He said:

> Inasmuch as ye have done it unto one of the least of these . . . ye have done it unto Me.

I too come from a great city where the parents of many children receive low incomes and require the best of food to fit them for their hard labour.

Honourable members have just been appointed to a committee for the study of human rights and fundamental freedoms. I know of no freedom more fundamental than freedom of choice of what I shall eat; and I look upon it as a piece of impertinent tyranny that anybody should tell me that I cannot eat something that is nutritious and valuable to me, and which I want. The strongest argument my honourable friend from Waterloo (Hon. Mr. Euler) advanced was that his bill is intended to uphold the freedom of choice. I think it is wrong—and I use that word in the moral sense—for any government to take sides with an industry for the purpose of compelling the public to support it.

I too was raised on a farm, and know what it is to milk cows, and what dreary and hard work is the churning of butter. Far be it from me to do anything that would injure the farmers of this country. But I should like to make a practical suggestion. After all, the government is always in a jam in matters of this kind which call for compromise; but for governments, as for conflicting industries, compromise is a good principle to follow, so long as the principle itself is not compromised. My mind goes back to my days on the farm many years ago, when Canada was a poor country, in the late 80's or early 90's. The United States placed a tariff against farm products, with the result that we lost that market for our barley, oats and wheat. Our livestock also was affected, particularly our lambs. The farming population of Canada was on the verge of poverty. I realized then, and I have borne the knowledge through life, that our farmers more than anyone else are dependent on the sale of their products abroad.

In 1911 I joined with the other members of the Liberal party in an attempt to open the markets of the United States to our farm products, and our friends on the opposite side—by a means which I will not recount now—defeated us in that high purpose. But during the years that have followed we have quietly accomplished by negotiation what we failed to do in that campaign—we have opened the markets of the United States. Now we find ourselves voluntarily prohibiting the export of some of our products to that country. This topic was referred to by my honourable friend from Blaine Lake (Hon. Mr. Horner).

It does seem to me, gentlemen, that when we find ourselves in a jam of this kind the best way out is to follow good Liberal principles. At the present time—in order to hold down the price of meat for the benefit of the cities—we are abusing our farm population by depriving them of a market which is due to them. That is not a good Liberal principle. On the other hand—in order to benefit the farmers, we are told, though I really think it is the big dairy industry—we are preventing in a high-handed manner the people of our cities from buying oleomargarine. I say, why not offset the one against the other? If the farmers object to margarine, why do we not follow a good Liberal principle and solve the dilemma by lifting the ban on the importation and manufacture of margarine and at the same time lift the ban against the export of cattle to the markets of the United States?

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. ROEBUCK: No farmer would have a sound objection to a compromise of that kind. We would thereby solve the two problems, and at the same time be acting in line with good Liberal and democratic principles.

Hon. Mr. HAIG: May I ask my honourable friend whether he or the honourable gentleman from Blaine Lake (Hon. Mr. Horner) will be the leader of the new party?

Hon. Mr. EULER: It may be a coalition.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. ROEBUCK: My friend is being facetious when he talks about a new party. I should like to join with the gentleman from Blaine Lake, provided he will associate himself with my party.

Hon. Mr. HAIG: That is not an answer to my question.

Hon. Mr. ROEBUCK: As to lifting the ban on exports of cattle, that is a good Liberal principle. On the other hand, when my friend talks about maintaining the ban against the manufacture, import and sale of margarine, that is a bad Liberal principle. So I repeat, let us offset the one against the other and follow a good principle on both sides.

In conclusion I wish to say that I am in favour of lifting the ban on margarine, even if it cannot be accompanied by another act of justice and reason that would satisfy those who feel themselves injured.

Hon. A. L. BEAUBIEN: The honourable senator, I am sure, will admit that from 1930 until the outbreak of the war the farmers were producing food for the people of the cities at much below the cost of production. But did he get up and speak on behalf of the farmers as he is now speaking on behalf of the consumers, who are paying no more than the just price of farm products today?

Hon. Mr. ROEBUCK: Several questions are wrapped up in one. In the first instance, my friend asserts that the farmers during the war were not, and are not now, making money.

Hon. A. L. BEAUBIEN: No, I did not say that.

Hon. Mr. ROEBUCK: I thought I heard him say so.

Hon. Mr. HAIG: He said they were not making money in 1930.

Hon. A. L. BEAUBIEN: From 1930 to the outbreak of the war.

Hon. Mr. ROEBUCK: I do not know whether they were or not. At all events, I am not responsible for that. But I will say this: the farmers of Canada were never so prosperous as they are today; they never sold their products at so high a price, and they never paid off their mortgages as they are doing at this time.

Hon. A. L. BEAUBIEN: I will grant that.

Hon. Mr. ROEBUCK: And when I compare conditions on the farm today with those in the early nineties, with which I was familiar when I was young, I am struck with the contrast. The farmers do not need restrictive legislation to bolster their position. So far as I am concerned, I do not think that what I did in 1930 is of the slightest interest. My friend asks if I was helping the farmers then as I am now? Well, I have never lost my interest in the farm movement.

Hon. A. L. BEAUBIEN: But you want cheap food.

Hon. Mr. ROEBUCK: As a matter of fact I supported the old farmers' Progressive party in those early days of 1920 to 1930.

Hon. A. L. BEAUBIEN: That is when you were buying eggs at 15 cents a dozen and butter at 20 cents a pound. But you did not say anything about it in those days.

Hon. Mr. EULER: What has that got to do with the question?

Hon. Mr. ROEBUCK: What I did about 20-cent butter in 1930 is hardly an argument which would interest anybody now. Certainly it is not one which would carry their minds to any conclusion. I do not know what I did in 1930 about 20-cent butter, other than eat it.

Hon. A. L. BEAUBIEN: Do you know what the farmer did?

Hon. Mr. ROEBUCK: Someone says butter never sold at 20 cents a pound. I do not know. The honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) says it did.

Hon. Mr. HORNER: It sold at 15 cents—lots of it.

Hon. Mr. ROEBUCK: I have something here which I think I will take just time enough to mention to my honourable friend from Waterloo (Hon. Mr. Euler). It is a private letter from a mutual friend who resides in the senator's town and who on February 3, when the letter was written, was in Florida. I will give the writer's name if anyone requests it. He says: "Tell Senator Euler I am buying oleomargarine at 42 cents a pound instead of butter at $1.05 a pound." I offer that information, with my congratulations, to the honourable member for Waterloo.

On motion of Hon. Mr. Vaillancourt, the debate was adjourned.

EXPORT AND IMPORT PERMITS BILL

SECOND READING

Hon. Mr. COPP moved the second reading of Bill U-3, an Act to amend the Export and Import Permits Act.

He said: In the unavoidable absence of the leader, I move the second reading of this bill. I am informed that the honourable senator from Inkerman (Hon. Mr. Hugessen) will explain the bill.

Hon. A. K. HUGESSEN: Honourable senators, this is a bill to amend the Export and Import Permits Act, a measure which was passed by this parliament in the spring of last year and was assented to on the 14th of May last. Some honourable members may recall the discussion we had on that measure on April 30 last.

Before I deal with the amendments which the present bill introduces, I should like to refresh my own mind and, perhaps, the minds of honourable senators as to the contents and purport of the original Act which it is now sought to amend. That Act conferred upon the Governor in Council power to control exports from and imports into Canada. Previously these powers had been exercised under the National Emergency Transitional Powers Act.

The Act of 1947 does four principal things. First, it allows the Governor in Council to establish, and from time to time to amend, a list of goods which cannot be exported from Canada without a licence obtained from the minister—in this case the Minister of Trade and Commerce. There is a proviso that these goods for which a permit must be obtained can be of only three classes—war materials, or materials which in the opinion of the Governor in Council should be controlled in order to secure an adequate supply and distribution of such materials in Canada, or materials which should be controlled in order to implement an inter-governmental arrangement between Canada and some other country. Second, the Act of 1947 permits the Governor in Council to establish, and from time to time to amend, a list of goods which cannot be imported into Canada without a permit from the minister, as soon as practicable after that these classes of goods must either be those of which there is a scarcity in world markets, or of which there is governmental control in the countries of origin, or which are subject to international allocation by international agreement. Third, the Act provides that it shall expire sixty days from the commencement of the first session of parliament to commence in the year 1948. Fourth, it requires the minister as soon as practicable after December 31, to submit a report to parliament about the operations under the Act. That is the report which was tabled by the honourable leader yesterday, and of which copies have been distributed.

A very brief summary of what has been done under the Act may be of interest to honourable senators. First, with regard to the control of exports: from May 14, which was the date on which the Act came into force, a list of commodities subject to export control was established by order in council. Those commodities were 542 in number. Since May 14 and up to December 31, 1947, 10 commodities have been added and 32 have been deleted, so that as of December 31, 1947, there were still 520 commodities under export control. Those are listed in the orders in council attached to the minister's report. I think any of us would feel it rather disappointing that although the Act has been in operation for nearly a year it has only been possible to decrease the number of commodities subject to export control from 542 to 520.

When the order in council came into force on May 14, 1947, there were 690 applications pending for export permits, and from May 14 to December 31, a further 77,504 applications were received and dealt with, export permits being issued in 73,819 cases, and rejected in 1,909 cases. Approximately 2,466 applications were withdrawn when it was discovered that the goods to which the applications referred were not under export control in any event.

As regards imports, by the same order in council of May 14 last, the governor in council established a list of 67 commodities which became subject to import control under this legislation. Since May 14 one commodity has been added and 24 removed, so that as of December 31 last, there were still 44 commodities under import control. That is a slightly better record than in the case of exports, showing that we have had a reduction from 67 to 44 commodities, or practically one-third.

Still dealing with control during the period of May 14 to December 31, 1947, there were 4,207 applications for import permits, of which 4,014 were approved and 193 refused.

Having dealt with the preamble, I should like to come to the substance of Bill U-3. It does three specific things. In the first place, it extends the life of the Act for two years; that is, until ninety days after the commencement of the first session of parliament commencing in the year 1950. In a few moments I should like to give honourable senators the reasons why it is desired to extend the Act for two years, but for the time being I should like to direct attention to a very peculiar state of affairs which exists in regard to the Act as it now reads in the statute book. Last year it was obviously the intention of parliament to enact the Act for a period of only one year or less, but I should like to point out the language which parliament used. It is set out in the statute as follows:

> This Act shall expire sixty days from the commencement of the first session of parliament commencing in the year 1948.

Our present session of parliament did not commence in 1948, it began in December 1947. If the ordinary course is pursued there will be no session of parliament commencing in the year 1948, with the possible result that under the language employed in the Act passed last year there will be no termination of any kind to this statute.

Hon. Mr. FARRIS: That is the first reason I have heard why the session was called in December.

Hon. Mr. HAIG: The only good reason.

Hon. Mr. HUGESSEN: I call attention to this state of affairs for two reasons. First, it indicates how very careful we have to be in scrutinizing legislation received from the other house—last year apparently no one noticed this condition when we passed the measure—and second that the bill before us continues to make use of the same language. It says:

> This Act shall expire ninety days from the commencement of the first session of parliament commencing in the year 1950.

Obviously we shall have to tighten this up in order to make it expire in two years.

Hon. Mr. HAIG: That problem is covered in the control bills. If it starts before December 31 it expires on December 31.

Hon. Mr. HUGESSEN: Just here I want to deal very briefly with the reasons that lie behind the two-year extension now desired. In the main, they arise out of world conditions, for which Canada is in no way responsible and which she cannot regulate or control. Most important, perhaps, is the continuing world shortage of food and feeding stuff. Since the passing of the Act last year, the situation has become aggravated by the disastrous European crop failure of last summer. In order to carry out our food contract with the United Kingdom and our responsibilities under the International Emergency Food Council's allocations, and at the same time safeguard our domestic food and feed supply, export control of certain foodstuffs has been imperative, and I think it is likely to be for some time to come.

Then there are other commodities produced in this country—such as textiles, steel and steel products, building materials, wood and wood products, paper and chemicals—for which there is such a world demand that export control is necessary to ensure that our domestic demand will be supplied and that these commodities are not siphoned off to other parts of the world which are prepared to pay almost any price for them.

A further reason for export control is to ensure that products which we do export shall go to our regular customers in every country. In other words, as we cannot provide all of our customers in other countries with the full amount of their requirements—of flour, for instance—we should make sure that our customers of long standing get as large a proportion as we can provide of what they were accustomed to receive from us in past years.

Another complication which makes export control necessary arises out of the Hyde Park agreement. Certain commodities which the United States exports are under control when sent to other countries; but under the Hyde Park agreement, when they come to Canada they are exported without control of any kind. It is therefore obviously necessary that Canada see that these commodities are not re-exported in violation of United States controls.

Finally, in view of the Marshall Plan, I think we can say that export control will be necessary for some time. If, as we all hope, Canada is asked under the Marshall Plan to provide a substantial part of some of the materials needed by European countries, it will be necessary for us to maintain export controls so as to be certain that we shall have those articles available.

Much the same situation applies with respect to import control, though the arguments are perhaps not quite so strong. There are a number of commodities such as fats, sugar, cocoa and tin which are still under international allocation between the nations of the world. So long as the agreements are in effect the importation of those things must remain under control, for two purposes: first, so that Canada will be sure to get no more and no less than the share to which she is entitled under these international agreements; and second, to ensure that when these commodities do reach Canada they will be fairly distributed among merchants and manufacturers here.

Section 6A of the bill imposes a penalty upon any person who, for the purpose of procuring the issue of any permit under the act, wilfully furnishes any false or misleading information or knowingly makes any misrepresentation. There is a rather interesting reason for this proposed amendment. The export quota for any individual timber firm is based by the Timber Controller on a percentage of the firm's domestic sales. Some bright and not overscrupulous individual submitted to the controller a fictitious list of domestic sales in order to obtain a higher export quota than that to which he was entitled. Unfortunately the Act contained no provision under which he could be penalized, and it was impossible to prosecute him under the Criminal Code, so

this amendment has been introduced to stop that loophole which has been discovered in actual operation of the Act.

Section 15 requires that an annual report of the operations under the Act be submitted to parliament by the minister as soon as possible after the 31st day of December each year, or, if parliament is not then in session, within fifteen days after the opening of the next session.

Hon. Mr. HAIG: There is one question that I would like to put to my honourable friend. In the past gold was used to pay for international transactions, but now we try to get payment in United States currency. Under these export permits what quantity of goods did we sell to people abroad who paid us in United States currency, and what quantity to people who paid for the purchases with money that we lent them?

Hon. Mr. HUGESSEN: I have not got those figures. I suggest that this bill might properly be referred to the Banking and Commerce Committee, where we should have an opportunity of hearing the Minister of Trade and Commerce or his deputy, and I shall make it my business to see that an answer is given to that question.

Hon. SALTER A. HAYDEN: Honourable senators, I hope that the honourable gentleman who explained the bill (Hon. Mr. Hugessen) will move that it be referred to a committee for further consideration. I had something to say about the bill that came to us from another place last year. There are serious implications in this legislation—in the granting of import controls, for instance. If you give the government the right to say what kinds and quantities of products may enter the country, the government may be the only purchaser of certain products, and it will dispose of these to various industries at such prices and on such terms as it sees fit. That permits of many things. I am not imputing motives to anybody, but one result would be a restriction of the entry of new people into any industry depending upon goods imported by the government, because allocations would be made on a basis to take care of operators already in the industry and to permit some manufacture at a profit.

The implications of import control, to my way of thinking, are very serious and far reaching. It is a sort of control that we necessarily had during the war, and I do not like the principle. I recognize that to some degree it is necessary, but I feel that parliament should be careful to keep its hand on it. The only way that can be done is by granting a very limited life to the Act whenever it comes up for consideration. A lot of evidence would have to be given in committee to satisfy me that this act should be extended to 1950. If that extension were granted, the Senate would have no effective opportunity to make any further amendments in the meantime. We should extend the life of the Act for only a very limited period. Then if the government wishes to have the controls continue beyond that period, we shall get a further opportunity to consider the whole matter. There are great dangers inherent in these controls, and we should make an exhaustive inquiry about them in committee.

Hon. T. A. CRERAR: Honourable senators, I find myself wholly in agreement with the view expressed by the honourable senator from Toronto (Hon. Mr. Hayden). I rather fancy this will not come as any surprise to members of this house. I do not like the principle of the bill. I did not like it when the bill, came here before, and I doubt if at any time in the future I could ever bring myself to like it. However, in the apparently difficult transition from the dislocations of a terrible war to the ordinary work of peacetime, there may be some necessity for a measure of this kind. It is typical of a good many measures today that seek to enlarge controls by the government over activities that normally should be free of such control. That is why I wholeheartedly support the suggestion of my honourable friend from Toronto that the life of this Act should be extended for only a brief period, and I certainly hope that when the bill comes back from committee there will be an amendment limiting the extension to one year. I sometimes wonder where we are eventually going to land, with all the controls in which we are becoming enmeshed—control of farm products; refusal to permit export of other farm products to the United States; controls here there and almost everywhere. The principle of these controls is unsound, if we are to maintain in future that free way of life in which all of us were reared. Let me repeat, I hope that when the bill comes back to this house from committee the life of the act will be reduced to one year.

Hon. ARTHUR ROEBUCK: Honourable senators, no one will be surprised if I too agree with the remarks of the last two speakers. I noticed with some interest that the honourable gentleman who explained the bill (Hon. Mr. Hugessen) expressed disappointment that so few commodities had been removed from the operation of this Act during the past year. I am not in the least surprised at that situation—though I might say I am disappointed—because controls of this kind, once imposed, are almost always released by those

exercising them only when compelled to do so. I am simply expressing my hearty concurrence in what has been said by the two speakers who preceded me.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in second reading of this bill?

Some Hon. SENATORS: Carried!

Hon. Mr. HAIG: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved second reading of the following bills:

Bill V-3, an Act for the relief of Lela May Begley Hall.

Bill W-3, an Act for the relief of Marguerite Isaacs Katz.

Bill X-3, an Act for the relief of Delilah May Jacobs Button.

Bill Y-3, an Act for the relief of Ruth Shkurnik Gilbert.

Bill Z-3, an Act for the relief of Goldie Tessler Wise.

Bill A-4, an Act for the relief of Martha Norman McCairns.

Bill B-4, an Act for the relief of Marion Rita Kendall O'Donahoe.

Bill C-4, an Act for the relief of Gertrude Mae McLean Cole.

Bill D-4, an Act for the relief of Freda Gertrude Parkes McMillan.

Bill E-4, an Act for the relief of Alma Petrides Prysky.

Bill F-4, an Act for the relief of Jean MacDonald Di Falco.

Bill G-4, an Act for the relief of Betty Yossem Edelstein.

Bill H-4, an Act for the relief of Leonard Carlton Matthews.

Bill I-4, an Act for the relief of St. Kilda McKay McLean Anderson.

The motion was agreed to, and the bills were read the second time.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: Honourable senators, these are all undefended divorce cases, in which the evidence was quite conclusive. With leave of the Senate, I should like to move third reading of the bills now, so that the Order Paper may be cleared.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 19, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill T-4, an Act for the relief of Joseph Onfroy Pilon.

Bill U-4, an Act for the relief of Thelma May Heggie May.

Bill V-4, an Act for the relief of Molly Renetta Fry Bist.

Bill W-4, an Act for the relief of Patricia Potter Parker.

Bill X-4, an Act for the relief of Helen May Smith Saunders.

Bill Y-4, an Act for the relief of Jean Duncan Girard.

Bill Z-4, an Act for the relief of Evelyn Sylvia Jones Bowen.

Bill A-5, an Act for the relief of Joseph Eugene Ernest Bourbonnais.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: With leave of the Senate, next sitting.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Monday, February 16, the consideration of His Excellency the Governor-General's Speech at the opening of the session, and the motion of Hon. Mr. Ferland for an address in reply thereto.

Hon. ARTHUR MARCOTTE: Honourable senators, this innovation of leaving open for a period of time the debate on the Address has produced this good result, that we have had a greater number of excellent speeches by honourable senators than has been the custom in the past. We had evidence of this on Monday night, in the splendid and forceful speech made by the honourable senator from Vancouver South (Hon. Mr. Farris).

As previous speakers have done, I wish to congratulate the mover and the seconder of the Address. I also wish, with pleasure, to express my thanks to honourable members of the Senate who attended the last meeting of the United Nations in New York, for the way in which they represented Canada and the Senate. The reports they made to us were very enlightening, and gave us a vivid picture of that meeting. They offered us the hope that the United Nations were step by step getting closer to the goal of peace. One of the speeches ended almost like a prayer—that Providence would preserve us.

Events are moving so fast that the world situation is changing from week to week, if not from day to day. The address made by the honourable senator from Inkerman (Hon. Mr. Hugessen) sounded a note of warning. Since the opening of this debate the outlook has not been so bright. The declarations made by Bevin and Churchill, the assassination of Gandhi, the monetary situation in France, the continuing activity of guerillas in Greece, the intestinal wars in China, in Palestine and in India, are not very encouraging. Even our representative, Mr. Pearson, has admitted that it may become necessary to set up another society of nations and—note the words—with Russia outside of it, if need be. Also, the speech of the honourable senator from Vancouver South (Hon. Mr. Farris) on Monday was based on facts which cannot be denied, and which show not only that the situation is grave but may become worse. Read the recent farewell address of General Eisenhower, and if you do not become alarmed, at least you will realize that we have to take precautions.

Had I spoken a few days ago, I would have addressed to you statements similar to those of the honourable senator from Vancouver South, not with the same eloquence, but with at least equal sincerity. Yet there is a difference in our point of view. The situation does not appear as dark to me as it does to others, and I shall present facts to substantiate my statements. Like all well-thinking people I still believe that the old Roman adage—*Si vis pacem para bellum*—is sound. There is only one way to ensure peace, and that is to be strong enough to preserve it, to be firm enough that nations opposed to us will think twice before attacking. When I hear it suggested that we should disarm and destroy the most powerful weapons we have, I shudder in wonderment at the frivolity of such proposals.

Would you destroy your fire-fighting equipment just after you have quenched a fire? Would you disarm police officers when murderers and thieves are at large? No. As was intimated by the honourable senator (Hon. Mr. Farris), we know that our homes are constantly threatened by fire, our lives by

murderers and our property by thieves. We know that war has always existed and will continue to exist, unless we are prepared to stop it by making the world realize that we are ready to use arms, if necessary, to defend ourselves. This is no threat to any nation; neither is it a declaration that we want war. It is simply an announcement that we are desirous of living in peace, and that we are taking out insurance against war.

From this viewpoint I wish to refer to a few statements that have been made recently. We all read—and I think our representatives at the last meeting of the United Nations in New York heard—the accusations made by a Russian representative that our democracies were warmongers. The following are some of the answers, made by American senators, writers, and statesmen, to accusations against them personally. First, I quote from an article by John Foster Dulles, member of the United States delegation to the United Nations, which appeared in the *Cosmopolitan Magazine* of this month. It reads:

I did not make the statement which Mr. Vishinsky attributed to me. I have repeatedly said, and I again say, that another war need not be and must not be. And I have directed myself to that end . . . Soviet dictators, like all dictators, want to keep their power and to increase it. For that, they must make it appear that Soviet peace is endangered.

The next statement was made by James F. O'Neil, National Commander of the American Legion, and is as follows:

During the past decade, Soviet Russia has impressed eight governments and eighty-eight million people into the Russian sphere. Since V-J Day, she has succeeded, through the use of the veto, intimidation and double talk, in stalling every substantial move towards world unity. Members of the American Legion share a livid hatred of war, based on remembered experience. We remember that twice in our time young Americans died and our nation trembled for existence because we were unprepared for wars thrust upon us. The Legion believes that so long as the possibility of war exists, we must be militarily, industrially and scientifically prepared to fight a winning war.

John R. Deane, Major General (retired), said:

During my stay in the Soviet Union I gained a deep respect and real devotion for the Russian people as distinguished from their leaders. I am one of the millions of human beings who can see nothing in any future war but complete and equal disaster for the victor and the vanquished. In brief, my reply to Mr. Vishinsky is that my wish to be prepared for war with the Soviet Union is second only to my fervent hope that such a war will not occur.

The following is from a statement by Senator Brien McMahon of Connecticut, former Chairman of the Committee on Atomic Energy:

Mr. Vishinsky has vetoed an effective American plan to do away with atomic bombs, although every other nation but his is one hundred per cent for it and believes it to be fair and right. An accurate list of warmongers will include every statesman who has attempted to sabotage an effective international control of weapons of mass destruction. A reading of my speeches on the subject will give the lie to Mr. Vishinsky.

Vishinsky placed Senator McMahon's name before the United Nations General Assembly as a "warmonger" because McMahon stated in Congress that the "United States should be the first to drop atom bombs if the atom war is inevitable."

And here are some comments by Walter Winchell:

Either Secretary of State George Marshall, Senator McMahon, and myself are warmongers, Mr. Vishinsky, or you are a liar. You attacked me because there is nothing in the world that you and Mr. Molotov and Mr. Gromyko and Mr. Stalin fear more than a man with a free typewriter or microphone. But it is not I or my typewriter or microphone that should be enchained, as you proposed. It is you, Mr. Vishinsky, who are in chains right now. I can speak my mind, and you cannot. Along with one hundred and forty million other Americans, I am free to criticize our government; but if you, the third-ranking man in the communist dictatorship, criticized yours, you would be shot, and you know it. Your chief worry is in keeping Americans from knowing what is going on inside Russia. You and your atheist government know that one independent and honest American reporter inside Russia with a microphone is more dangerous to the Communist party than any atomic bomb. And for once, Mr. Vishinsky, you are right.

Surely no one would accuse Canada of wishing for or liking war. No one will say that we have tried in the past or are trying at present to conquer any territory, to deprive any other people of their rights or their freedom in any form. We have become a party to the charter of the United Nations. Honourable senators know what the aim of that charter is: peace and freedom—freedom from want and freedom from fear. We are bound to share in preparedness to secure peace. Shall we be called warmongers simply because we adhere to that charter? Shall we be called warmongers because we, along with other people who fear attack, have signed the same pledge and have promised to support that aim. I leave it to the honourable members to answer.

I stated a few moments ago that to me the horizon does not look as black as it may appear to some others. Here is why. Twice within forty years the democracies have given indisputable evidence of their might. Democracies are slow to awake; but, once awakened, they demonstrate their strength, their capacity to produce unlimited supplies of materials and weapons of war, and their ability to crush their enemies. It is said that fear is the beginning of wisdom. Our enemies, if we have

any, will surely think twice before challenging our might, our capacity to defend ourselves and our ability to secure victory. I have said that fear is the beginning of wisdom. It may also be said today that fear is causing insanity. In my opinion, the present stand taken by the leaders of Russia is simply a demonstration of fear, engendered by the terrible suffering and destruction that country had to endure in the course of the recent war. The honourable senator from Vancouver (Hon. Mr. Farris), in his speech on Monday last, told us about the nations surrounding Russia which now are under her thumb. Russia is attempting to protect herself by setting up a wall of buffer nations which will first have to be crushed before her own territory is invaded. Do we not appreciate that this is the real aim of Russia? In the short time at my disposal the argument cannot be developed; but it seems to me that the present situation indicates the real aim of the dictators governing Russia today.

True, we may have more "Pearl Harbors," when sudden and terrible attacks may be inflicted upon us; it may happen that our cities will be destroyed in a matter of hours, if not minutes, during the first days or weeks of another war. But even should we or our allies be hurt or terribly wounded, we would not be destroyed. Aware of our own ability to deal blows, as we have done in the past, we are confident that in the end we will be the same victorious people that we were in the last war.

Everyone seems to be afraid of Russia; yet, even her leaders, fanatic as they are in their views, do not ignore the existing facts. When they recapitulate what they received from the allied nations, more especially from the United States, to enable Russia to resist the attacks of the German armies, they will realize that the money and supplies and armaments which were donated for their salvation would, in the event of another war, be turned against them. Then they will begin to wonder if they are capable of resisting the might of these forces. These assertions are not a threat or challenge to Russia; they are merely an indication that the democracies are prepared to meet their opponents half way, and to fight if it becomes necessary to do so.

Let us recount what Russia received from the United States alone in the hour of peril. I will cite briefly certain figures taken from an article published in the *Red Book* of last month.

Under lease-lend: over $11,500 million; in war armaments and equipment: 14,700 airplanes, 7,000 tanks, 52,000 jeeps, 375,000 trucks, 35,000 motorcycles, 15,000,000 pairs of army boots, 2,670,000 tons of oil and gasoline, 3,786,000 tires, 8,218 anti-aircraft guns, 131,633,000 submachine guns, 415,000 field telephones, $500 million worth of machine tools, electrical furnaces and generators, $35,000,000 worth of petroleum refinery equipment, 543,000 tons of explosives, $2,707,000 worth of farm tractors and 34,477 tons of seeds.

These figures, and I could quote more, are sufficient to prove that Russia will think hard and often before turning against the powers that gave her life when as a nation she was at the door of death. I think it unnecessary to dwell further on that phase of my argument.

Honourable senators, we have all heard with approval the urgent appeal made by the senator from Vancouver (Hon. Mr. Farris) that we stand united with our sister nations of the Commonwealth and with our Anglo-Saxon allies, to lead the world to peace and security. I am sure that in his appeal the honourable gentleman did not intend to exclude our allies of other nationalities. He would not exclude France, Belgium, the Netherlands, Greece, China and more than thirty other nations who share our pledge to fight for liberty, for freedom from want and fear, and for a world of civilization and plenty.

I am not attempting to deal to any extent with the ideology of Russia and other communist nations. A far more lengthy address than we are accustomed to hear in this chamber would be required to deal adequately with that phase of the situation.

Since I dictated these lines yesterday, I have taken cognizance of an account of an interview with General McNaughton, the representative of Canada in the Security Council, published in this week's issue of the *New Liberty* magazine. I wish to quote one paragraph from that article which deals especially with what I am discussing. General McNaughton was asked:

Is there honestly a hope of achieving a genuine working agreement with Russia?

He replied:

A working agreement of enormous importance was achieved with the Soviet Union during the war. We should not abandon the hope that similar co-operation will be achieved in peace. The area of agreement is now relatively small, but it is possible to enlarge it.

Honourable senators, in the few remaining moments of my address, I wish to refer to the splendid achievements of our Canadian representatives at the Olympic games in Europe. Last Sunday a flash-news item came to Canada and to the world at large, announcing that Barbara Ann Scott, queen of the skating world, had again won the championship of the world. The people of the city of Ottawa, of the province of Ontario, and indeed of the whole of Canada are proud of the success of this young woman. She has taught our youth the lesson that purpose, hard work, perseverance and obedience to rules and teaching

always lead to victory. Before the competition it had been universally conceded that Barbara Ann, barring an accident, would repeat her past performances and emerge victorious. She won. Glory to her!

The early predictions as to the prospects of the Canadian Olympic hockey team were not so glowing. The team had not been conceded a chance to win. Nevertheless, they went to the games, where they fought worthy opponents on poor ice and at times were subjected to stupid refereeing, and they won. They deserved their victory.

Perhaps I should conclude my remarks at this point, but it is my belief that in the minds of the old and experienced members of the Senate there is in these achievements something of a higher and deeper significance. To illustrate what I mean I will cite only two short quotations. About two years ago a number of athletic instructors and teachers were received by His Holiness the Pope, and I quote from a press despatch the following:

Sport is a means of salvation.

Vatican City.—Pope Pius XII, Tuesday, told a group of gymnastic instructors that sport is not only a physical development, but also a means of refining the mind when it is seeking and communicating truth. It helps man in attaining the one end to which all others are subordinated—serving and praising his Creator.

For this reason, said the Pope, we must rejoice at the fact that university graduates are being entrusted with the guidance of the central school of sports.

You will thus insist upon the great assistance of sport in perfecting human faculties in the struggle for life, while your academic training will caution you against establishing sports as an end *in se*—a trend which is altogether too frequent today and which should not exist.

My second quotation is taken from the Ottawa *Journal,* in 1946, and is as follows:

Sportsmanship and Education

The famous Memorial Cup, symbol of junior hockey supremacy, has gone West, wrested from St. Michael's College by Winnipeg Monarchs after a series of games which for dash and brilliance have never been exceeded in Canadian sport.

The tens of thousands who saw these games, the hundreds of thousands who listened to them, must have been pleased above all by one thing. The fact that they were played throughout with heart and sportsmanship, with these gallant 'teen-agers giving their all to win, but yet knowing that while victory was important, the game was the thing. One incident at the end told that. St. Michael's had lost; the roar of the crowd for the victors was in their ears; yet they rushed over to their conquerors in what the Toronto *Globe and Mail* describes as an "emotional outburst" to shake their hands, and "St. Mike's anvil chorus stayed around after the game to cheer the Winnipeggers."

We need never fear for our Canadian youth when a thing like that can happen. Because sportsmanship of that sort, capacity to play a game hard and cleanly and lose greatly is more than sportsmanship; it is true education. Henry James once said—he was speaking of education—that without sportsmanship there could be no democracy. What he meant was that only by ability to accept defeat, to bow to the verdict for the other fellow, could we avoid the resort to force which is the way of the barbarian.

Sometimes we think that our schools and universities should stress sportsmanship more; stress it as an essential to education—teach our young people that while it is important to know how to win, it is even more important to know how to lose; that in certain circumstances defeat may be more than victory.

To keep a sound mind in a healthy body,—*mens sana in corpore sano*; to learn how to win; to learn how to lose: this is the real essence of sports and sportsmanship.

Queenly Barbara, members of our Olympic hockey team, representatives of the youth of this country, you are the hope of Canada! You have done well for us and we want you to accept this expression of our praise and gratitude.

The address was adopted.

PRIVATE BILL

CONCURRENCE IN REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Miscellaneous Private Bills to Bill K, an Act to incorporate People's Fraternal Order.

Hon. A. K. HUGESSEN: Honourable senators, I move concurrence in the report of the committee.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill, as amended, be read the third time?

Hon. Mr. ROEBUCK: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second readings of the following Bills:

Bill J-4, an Act for the relief of Nellie Polistuck Levac.

Bill K-4, an Act for the relief of Eleen Rose Gray Lawson.

Bill L-4, an Act for the relief of Frieda Kimelfild Solomon.

Bill M-4, an Act for the relief of Gordon Merrill Fuller.

Bill N-4, an Act for the relief of Phyllis Joyce Bradfield Ainsworth.

Bill O-4, an Act for the relief of Michael Charles Parr.

Bill P-4, an Act for the relief of Edna Birch Drimer.

Bill Q-4, an Act for the relief of Elinore Oakes Forgues.

Bill R-4, an Act for the relief of Mary Gwodzecka Carter.

Bill S-4, an Act for the relief of Ralph Woodall.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall the bills be read the third time?

Hon. Mr. HAIG: With leave of the Senate, I would move that the bills be now read the third time, so that they may go to the other place while we are away.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I move that when the Senate adjourns today it do stand adjourned until Monday, March 8, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Monday, March 8, at 8 p.m.

THE SENATE

Monday, March 8, 1948.

The Senate met at 8 p.m., the Acting Speaker (Hon. A. B. Copp) in the Chair.

Prayers and routine proceedings.

EMERGENCY EXCHANGE CONSERVATION BILL

FIRST READING

A message was received from the House of Commons with Bill 3, an Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall the bill be read a second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

FARM IMPROVEMENT LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 114, an Act to amend The Farm Improvement Loans Act, 1944.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

INDIAN ACT

REPORT OF COMMITTEE

Hon. Mr. TAYLOR presented and moved concurrence in the second report of the Joint Committee on The Indian Act, as follows:

Your committee recommends that it be empowered to retain the services of counsel.

He said: Honourable senators, the committee has had counsel for the two years that it has been sitting, and as it is now working on the revision of the Act, it desires to retain the services of the counsel. At a meeting of the Joint Committee last week, when the Senate was not sitting, the committee passed this recommendation, and it has been adopted in another place. With leave of the Senate, I would now move that the report be adopted here.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. HAIG presented Bill B-5, an Act to incorporate the Canadian Veterinary Medical Association.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall this bill be read the second time?

Hon. Mr. HAIG: Next Wednesday.

PRIVATE BILL

FIRST READING

Hon. Mr. TURGEON presented Bill C-5, an Act to incorporate the Canadian Association of Optometrists.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall this bill be read the second time?

Hon. Mr. TURGEON: With leave of the Senate, on Wednesday.

ANIMAL CONTAGIOUS DISEASES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill D-5, an Act to amend the Animal Contagious Disease Act.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: On Wednesday next.

CANADA SHIPPING BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill E-5, an Act to amend the Canada Shipping Act, 1934.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: On Wednesday next.

THE LATE SENATOR ROBICHEAU

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, it is my sad duty and responsibility to draw your attention to the

fact that since we last met we have lost one of our most esteemed colleagues, the Honourable John Louis Philip Robicheau.

Senator Robicheau was born on June 30, 1874, at Meteghan, Nova Scotia, the son of Acadian parents, Philemon Robicheau and Francoise Melanson Robicheau. His paternal ancestors came to Canada in 1628. He was educated at St. Joseph's College, Memramcook, New Brunswick, and St. Anne's College, Church Point, Nova Scotia. In 1907 he married Mary F. de Benjamin Surrette, of Hectanooga, Nova Scotia, and had three children.

For the first twenty years after the turn of the century he was employed by the Canadian Pacific Railway, and from 1929 to 1932 by the Dominion Atlantic Railway, as travelling auditor. Since 1922 he engaged in the lumber business.

In 1925 he was elected to the Nova Scotia Legislature as Conservative member for Digby, and the following year was appointed Farming Commissioner for the province. He was defeated at the general election of 1928, and was called to the Senate in 1935, to represent Digby-Clare.

In poor health for some months, the late senator passed away in Quebec City, March 1, 1948.

Senator Robicheau came from my native province of Nova Scotia, where he was one of the most prominent and respected representatives of the French-Acadian people. In recent years he did not often participate in our debates here, but he was a faithful attendant at our committee meetings. Both in this house and throughout his native province he will long be remembered for his many fine and estimable qualities.

Hon. JOHN T. HAIG: Honourable senators, seldom since I came to this house some years ago have I risen in my place and said of a departed member that his colleagues loved him. A man, to merit that tribute, must have had exceptional qualities; but I can truthfully say that those for whom I speak on this side of the house loved John Robicheau. No matter how downhearted one might be at any time, one would always be cheered up by a talk with John Robicheau. He was sincerity itself.

A good deal of his life was spent in travelling over most of Canada and a large part of the United States. He had great native ability and was naturally well liked by the people with whom he worked.

It was my great pleasure and honour to know the senator's wife, a very fine woman, and one of his daughters, who had a great record during the war. To them I extend my sympathy.

In the passing of our esteemed colleague Canada has lost a real son, and I have lost one of the best friends I have had since entering this house.

(Translation.)

Hon. ANTOINE J. LEGER: Honourable senators, during the thirteen years that I have had Senator Robicheau as deskmate, I have been in a position to appreciate the great heart and noble mind of our most esteemed colleague, now departed. Always gay, witty and a bit given to teasing, he knew how to make friends. Charitable and obliging, he never was so happy as when he could help someone. Suffering from a fatal illness, he saw death coming with the resignation inspired by faith and hope.

To his loving wife, his admirable daughter and valiant sons, I extend my most sincere sympathy. "O Death! what bitter memories follow in thy wake."

(Text.)

Hon. R. B. HORNER: Honourable senators, I have never before attempted to speak in tribute to a late colleague, but I should now like to join with other honourable members who have spoken about the passing of our esteemed friend. I am sure that if my colleague from Rosetown (Hon. Mr. Aseltine) were here, he also would wish to say something. The reason for the close association of my honourable friend from Rosetown and myself with the late Senator Robicheau was that he spent twenty years of his life in Saskatchewan, and therefore readily understood those of us who came from the West.

I should like to mention Senator Robicheau's career with the C.P.R. in the West, where the outstanding qualities of the man were shown. He started to work there when the salary was quite small, and later went to Death Valley, in Nevada, where he had a wide experience with men and affairs. Like many others, he ended up with a quarter of a million dollars, on paper, which disappeared. He then returned to Saskatchewan to start again at the bottom of the ladder as agent for the Canadian Pacific Railway, and because of his outstanding ability he advanced rapidly.

I should like to refer particularly to an incident which will be readily appreciated by men from western Canada. While our late friend was C.P.R. agent, he was assigned to a place where railway cars were piled up and it seemed impossible to get things straightened out. The railway company had just thrown up

its hands. Even though his assignment was a promotion, the late senator said that he would accept it only on one condition—that he be given full authority and be left alone, and that if the people appealed to headquarters their protests would be ignored. Realizing the difficulties of the situation, he told his wife not to join him until the problem was worked out. Meetings were held and delegations appointed to try to chase our late friend away; but he stuck with the job, and four or five years later, when other railways had cut in on the business, which was not large, his company begged him to stay on and even offered additional salary to remain. I just mention that to show Senator Robicheau's fine qualities.

Anyone who visited the late senator's home soon realized that not only was it his castle but that of his guests also. I do not know that I ever enjoyed myself more or felt more completely at home than I did on visits to his place. He was a sincere man, deeply religious, and of sterling character. Those who did not know him well could scarcely appreciate his fine personality. To his wife and family I extend my sincere sympathy.

Hon. JOHN J. KINLEY: I, too, would like to pay a tribute to a fellow-Nova Scotian, the late Senator John Robicheau. I first knew him when he was a member of the provincial legislature, at Halifax. To be elected as a Conservative from the county of Digby was in itself quite an achievement, and an evidence of considerable personal worth. When I came to the House of Commons it was my privilege to have as a room-mate the then member for Yarmouth, an Acadian of French descent; and on many occasions Senator Robicheau would come to our room and discuss affairs in the province of Nova Scotia. In fact, when anything happened which was out of the ordinary or of particular interest, Senator Robicheau took the opportunity to express to us his interest in the life of his native province.

Senator Robicheau came from one of the little places in Nova Scotia; he was a neighbour of the fishermen, the farmers, and the seamen, and he had a keen interest in all they did and in their success. I am sure that all who knew him must have been impressed with his courtesy, his sincerity, and all those characteristics which are so beautifully portrayed in Longfellow's *Evangeline,* that moving story in verse of the Acadians in Nova Scotia.

I hardly need to say that Senator Robicheau was an honest man. In him integrity was sweetened with kindness. He was very happy in his senatorial position, and in the fact that his party had recognized him by placing him in the Senate of Canada. I believe it can truthfully be said of him that goodness and mercy followed him all the days of his life; and that his widow and family, now that he has been gathered to his fathers, can be sustained by the thought that he has gone to "dwell in the house of the Lord for ever".

Hon. CYRILLE VAILLANCOURT (Translation): Honourable senators, since the honourable senator from La Salle (Hon. Mr. Moraud) and I are the last two members of this House who were privileged to talk with our late colleague, Senator Robicheau, I feel that it is my duty to recall for your benefit his last moments. I had known Senator Robicheau for a few years only, but when a man is endowed with a noble character, a great heart and a valiant soul, one has not to live many years with him to come to understand and respect him. I paid my last visit to Senator Robicheau a few days before he died. As I was about to leave, he said to me: "It is probably the last time we will see each other in this world;" but being a fervent believer, Senator Robicheau added: "One day we shall be together forever." "You see," our late friend also told me, "I have now come to the end of my journey; I am like the setting sun." I turned towards the window to see at that very moment the sun setting in all its glory—it was one of those grand days of early March—and I thought: After such a glorious sunset, a dazzling dawn must come.

Casting a last glance at my colleague's grave, I recalled the radiant setting sun. The youth of Acadia and of the whole of Canada have lost a great man who has helped his fellow-men and contributed to Canada's greatness. To his country he has given the best years of his life. Recalling that sunset bathed in a light so sweet I cannot but think that other gorgeous mornings will dawn in all their glory upon our fair land.

DAIRY INDUSTRY BILL

MOTION FOR SECOND READING

The Senate resumed from Wednesday, February 18, the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. CYRILLE VAILLANCOURT (Text): Honourable senators, I shall deal objectively with the question of butter and oleomargarine. Although I do not share the views of some of my honourable colleagues, I hold them in high esteem, and I trust that they feel like-

wise, as this debate on butter and oleomargarine affects not only the interests of individuals but the whole economy of the country. However, let us get down to facts.

I do not deny that oleomargarine is a wholesome and nutritious food, absolutely harmless to health. I wish, however, to reply to certain claims which may be questioned.

The first argument which was invoked dealt with personal freedom. Why, we have been asked, are we denied the freedom to eat oleomargarine if we prefer it to butter? As my honourable colleague sat for several years in another place, he frequently must have approved measures restricting individual freedom in order to protect the freedom of the whole community. This has occurred several times; it is not necessary to mention each case. The freedom so frequently mentioned has been curtailed.

Immediately after the debate on oleomargarine last year, our honourable colleague from Inkerman (Hon. Mr. Hugessen) introduced a bill to prohibit some imports and to reduce exports. Thus freedom is curtailed. However, the bill was passed, on division it is true; nevertheless it was passed and assented to. I wonder if last year, during the debate on the same subject, our colleague mentioned this argument of personal freedom. No one can deny that fresh vegetables, for instance, are an excellent health-giving food, especially at this season of the year when home-grown produce is not available. Nevertheless imports of fresh vegetables have been prohibited. Why? To save dollars in order to protect the economy of our country and the prosperity of our fellow-citizens. A principle of liberty is no doubt involved here; but because the nation should come before the individual we must not sacrifice or prejudice collective liberty in order to insure individual liberty.

Another argument advanced was that the poor cannot afford to buy butter. Let us analyse the plain facts. Butter costs 70 cents per pound at the present time. In my locality it is sold at between 64 and 69 cents, and is advertised at that price in *Le Soleil*, a Quebec newspaper. What would oleomargarine cost if it were allowed into this country? I read in the newspapers of March 1 that a Dutch company is prepared to sell Canada margarine at 38 cents per pound. That is the wholesale price in Holland; but if the oleomargarine were exported to this country I doubt very much that the wholesaler here could sell it at less than 45 cents a pound, or that the retailer could sell it at less than 50 cents a pound. The difference between butter at 70 cents and oleomargarine at 50 cents would be 20 cents per pound. According to statistics, in 1946 the average per capita consumption of butter in Canada was 28 pounds. Twenty-eight pounds multiplied by the difference in the price of butter and the price of oleomargarine —that is 20 cents—gives $5.60. Therefore, if butter were replaced by oleomargarine it would result in a yearly saving of $5.60 per person, or ·015 per day, which is less than the cost of a cigarette. Let us smoke a cigarette less a day—some people would be in better health if they did so—and the needy will have their butter ration.

We hear much said about charity and the pitiful lot of the poor. That is well, but we have to be consistent and logical. There is at present a shortage of fat in Europe. A campaign has been launched across Canada to raise funds for the benefit of European orphans; but if we manufacture and import oleomargarine we shall deprive these very same people of the butter and fat they need.

To manufacture oleomargarine in Canada we would have to import seventy to eighty per cent of the component parts. Good quality oleomargarine can be made from the oils of soybeans, cocoanuts, cottonseed, peanuts, and sunflower seed; but of these, soybean oil and sunflower oil are the only two produced in Canada, and production costs make it impossible for the Canadian producers of these two oils to compete with the producers of other vegetable oils in such areas as the South Pacific, Ceylon, China, and South America, where wages are extremely low as compared with Canadian wages. It is only natural that if margarine were legalized in Canada, the manufacturers of the product here would import the cheaper oils to meet their needs.

Thus we are asked to pass this bill to allow the manufacture and importation of oleomargarine under the principle of charity, in order to save about a cent and a half to every Canadian. The average price of butter in 1947 was 55 cents per pound, not 70 cents per pound. However, what about the poor of Europe? Let us not forget that we fought for the survival of Christian civilization. When we examine the facts we find that last year in all of Canada, $370 million was spent for liquor while only half that amount was spent for butter. How can anyone say that butter costs too much? Restaurant operators as well as hospitals and other institutions want the use of oleomargarine; but if it is allowed into this country will there be a decrease in the price of meals and board? The saving will be so small that it cannot be taken into account. If there is a saving of one cent

on each meal, it will be the restaurant operator who will be the richer after a day's operations; the consumer will have been served oleomargarine, but will not have saved one cent.

It is claimed that under the Geneva treaty we must accept oleomargarine. If we are forced to accept oleomargarine by the Geneva treaty, why introduce this bill? However, even the Geneva treaty does not prevent us from guarding against the use of oleomargarine. Let us review what has already been said in another place.

We have spoken of Newfoundland. Why bring up a situation which does not exist? Newfoundland has refused to enter Confederation.

Why should oleomargarine not be allowed in Canada as it is in other countries? Numerous other things may be done elsewhere, but not in Canada. For instance, I doubt very much whether anyone would wear a straw hat in Ottawa in January; but people in California wear them in January. We have manners, habits, climate and a way of living of our own, and in my opinion nobody can claim that everything that is being done in other countries may or must be done in Canada. The production period in our country lasts from six to eight months, while in some countries it is a year-round period. Because our production period lasts for only six or eight months, it is maintained that the manufacture of oleomargarine should be allowed in Canada during the months when butter is not being produced. Would this be considered a humanitarian and Christian way of arranging things? When there is plenty to be had, and the farmers sell their products at reduced prices, the consumers are ready to take advantage of the situation. Then during the winter months, when the farmers have to feed their cows in the barn and production is much curtailed, the consumers turn around and seek their supplies elsewhere. Finally, when spring returns, the consumer asks the farmer why he should pay a higher price for his butter. He claims that the farmer has had nothing to do all winter. But during that time the farmer has had to work eight, ten and even fifteen hours a day without getting anything for his trouble, while the city worker has put in only six or eight hours a day, and has been paid for it.

Another argument advanced is this. Denmark is said to be the greatest butter-producing country in the world; yet its consumption of oleomargarine—said to be the highest in the world—is 38·8 pounds per capita, as against 15·6 pounds of butter per capita. Such astonishing figures require explanation. The reason is simple. Denmark is a poor grain-producing country and must import large quantities of feed for its cattle; consequently Danish cattlemen try to import the cheapest feeds. Everyone knows today that cattle, especially cows, are fed balanced meals made up of grain mixed with meat, meal and fats. Danish herdsmen import large quantities of oleomargarine to feed their cattle. When some people see those figures they imagine that oleomargarine is used to feed the Danish people, but actually it is used to feed their cattle. I have been in Denmark, but have seen no oleomargarine on the table; only appetizing butter and delicious cheese.

Another example has been brought to our attention. In the United States butter consumption fell to 8·5 pounds per capita in 1947, whereas the consumption of oleomargarine increased from 1·8 pounds in 1939 to 3·1 pounds last year. From 1941 to 1946 butter production was reduced by 700 million pounds. Oleomargarine was not the only factor responsible for that, but I shall not go into detail, as it would take too long to do that. However, it is obvious that butter production has decreased with the increase in oleomargarine consumption.

I come now to my main argument. That I should be so determined in supporting the ban on oleomargarine in Canada will probably surprise certain people. The reason for my stand is that I lived through the oleomargarine era, from 1917 to 1923. I have good reason to remember it, as I was then with the Quebec Department of Agriculture. From 1920 to 1922, although the imports of oleomargarine were not large—in fact, they were just a few hundred thousand pounds—the price of butter was reduced by one-third. When one knows our agricultural economy, especially in our dairy industry, one understands how a very small change may alter the whole picture. Judging from statistics, a 7 per cent reduction in our butter consumption would threaten the whole economic structure of this branch of agriculture. Therefore the introduction of a commodity that would replace butter to the extent of only 7 per cent would result in the collapse of our market. This is due to the fact that at present our only export market for butter is in the United States, and that market is conditional upon the Americans opening their doors to our produce.

It is a well-known fact that a few years ago a great many of our farmers started selling cream, butter and livestock to the United States. As a result, several domestic creameries went out of business. Our farmers had

increased the size of their herds, and every morning in Beauce, Dorchester and Frontenac counties large convoys of cream-laden trucks left for the United States. After a while the Americans said, "No more butter, no more cream, no more livestock from Canada." Our market was disorganized overnight. That is why I approve of the policy followed by our government, which relies on a stable market in a country where our produce will always be required. Under normal conditions the United States are self-sufficient. Had we marketed our produce there during the war, rather than in Great Britain, it is obvious that we would have made more money; but as soon as markets returned to their former stability the United States would have acted as in the past, and would have thought of their own protection, which is the logical thing to do. On the other hand, England's production of foodstuffs will never meet her needs, so the English market means greater stability for us.

The butter industry is closely related to the agricultural industry, owing to the fact that by-products from butter-making are used in stock-raising. In the eastern provinces—Ontario and Quebec, as well as the Maritimes—these by-products are of tremendous importance. We are advised to make powdered or dehydrated milk. As there are no by-products of powdered milk, this industry would not be of any assistance to stock-raising. A blow to the dairy industry is a blow to the livestock industry. If the livestock industry suffers any harm today there will be a shortage of meat on the market tomorrow; and then city people will not only be deprived of butter, but they will also be short of meat, eggs and poultry.

Besides, should there be a drop in stock-raising, how would that affect the farmers of the West? The greater proportion of western grain is not eaten by you or me. Wheat alone is used to make flour. We consume very little oats, barley, rye or buckwheat. These grains are used to feed our cattle. If stock-raising declines, shall we not be compelled to do what was done not so long ago—pay the western farmers to stop producing grain? That action may seem strange and paradoxical just now, but things that have occurred once may occur again.

These are the reasons why I am opposed to oleomargarine. I saw what happened between 1917 and 1923. I lived through those days and I was aware of the harm done to this country's dairy and farming industry. I should not like to see the same thing happen again. To those who claim that oleomargarine would not prove detrimental to the farm and dairy industries, I may say that in the past the introduction of this product has been harmful, and that the same causes will again produce the same effects.

We are asked, "What about the consumer in all this?" Well, consumption is dependent upon production, and if the producer is destroyed the consumer will starve.

What I am advocating is that both consumers and producers should work in harmony and endeavour not to save half a cent per head per day, but to ensure the greatness and prosperity of this country.

Hon. W. J. HUSHION: Honourable senators, I must congratulate the honourable senator from Kennebec (Hon. Mr. Vaillancourt) upon his able speech, although I disagree with his view. I was struck forcibly by his remark that the difference between the cost of butter and of oleomargarine would mean less than $6 a year to an individual in Canada. Well, last month I paid 73 cents a pound for butter. If oleomargarine were selling at around 40 cents, as I understand it the saving for a man with a fairly big family, consuming perhaps a pound a day, would be at least $1.50 a week, or $6 a month.

I come from a large city where, as honourable members know, many heads of families earn not more than $35 or $40 or $50 a week. In my opinion these people are entitled to just as much consideration as any farmers are. I appreciate the farmers' position, as in my younger days I could have been considered a sort of half-farmer myself; and I have some slight knowledge of oleomargarine and butter, for I have sold both. I am unable to follow the argument that the manufacture of a certain quantity of oleomargarine in this country would disrupt the dairy industry, and I understand that our farmers would be able to produce an abundance of most of the ingredients required for that manufacture.

What first caused me to be in favour of oleomargarine was the statement made here about a year ago by an honourable senator from New Brunswick, a doctor, that oleomargarine is as nutritive as butter. I have made some inquiries since then, and I find that is so.

I cannot see any reason or logic in refusing to make oleomargarine available to the man who cannot afford to buy butter. A saving of 30 cents a pound would be very important to a man with a large family.

Hon. Mr. VAILLANCOURT: I think you put the price of oleomargarine too low.

Hon. Mr. HUSHION: Perhaps I have. I am only stating what I am told it will cost. We do not know what will happen.

Twenty-five years ago we could buy butter for twenty-five cents a pound and meat for from eighteen to twenty cents a pound. That price level was common to all food commodities. The rise in the price of these commodities today really hits the poor man. I believe the present cost of bread, for instance, is the result of a combine and the operation of co-operatives. They are not working for the people, but for themselves; and to some extent I do not blame them too much.

Let us look particularly at the price of milk. One can readily see how difficult it is for the man with a small income to supply his family with a few quarts of milk a day at a cost of eighteen cents per quart. The same situation applies to beef. It may be said that the beef is being sent across to the United States and is bringing as much as a dollar a pound. But surely the farmer can make money selling his product at from twenty-five to forty cents a pound.

I have attempted without success to understand the reason for the over-all rise in the price of meat, flour, butter and milk, all of which are basic essentials for the man with a family. Milk was at one time supplied to the children in the schools in the city of Montreal, but I understand that practice has been stopped in at least one school. Now the children who require milk must buy it, and pay six or seven cents a pint for it. That gives one an idea of the difficulties facing the family man.

Far be it from me to want to disrupt whatever success the farmers are having as a result of being organized. I know it is essential that they prosper, but I do not think they have ever suffered as much as the poor people in the city. We in this house very seldom have anything to say for that class. We continue to pass legislation giving away money; but where does it come from? It comes from the poor people here and there. It does seem to me that we can only go so far in this way until something breaks.

If oleomargarine has the qualities I am told it has, and can be produced for about forty cents a pound, then I ask with all sincerity why I should not have it if I want it? In my opinion it is as good as butter any day.

I have been reflecting on conditions in the past. I recall that thirty-five years ago we could buy the best of buckskin boots in Mr. S. Carsley's dry goods store in Montreal for a dollar a pair. Ladies' shoes were $1.10, and boys' boots ninety cents. I recently bought a pair of shoes in a Montreal store for $16.50. You may think I am crazy, but they were the only ones that I liked. We used to be able to buy a good suit of clothes for $25; nowadays a suit costs $100 or $125. The farmer does not have to dress up, so he can save a little on that score.

Hon. Mr. HORNER: He can go in his bare feet.

Hon. Mr. HUSHION: I should like to refer briefly to the subject of higher education. If I had anything to do with the running of the educational system I would close all the universities for two years, clean them out and look around. Why, in the city of Montreal we have not enough money to pay our teachers a decent salary. Is there any sense to that? Some economists or scientists are telling us what to do, and we are going crazy on many matters. Yet thousands are going to universities and are being turned out as scientists.

Hon. Mr. DUFF: And Bolsheviks.

Hon. Mr. HUSHION: That is true of a lot of them.

Coming back to the question of margarine, I must say that I admired the way in which the honourable senator from Waterloo (Hon. Mr. Euler) presented his case. I believe margarine is essential for the people who cannot afford the luxury of butter. It is only right that the bill should be passed, and I sincerely hope that honourable members will give it serious consideration and pass it.

Hon. JAMES P. McINTYRE: Honourable senators, I have listened with a great deal of attention to the honourable members who have spoken on this bill to amend the Dairy Industry Act. The honourable senator from Waterloo (Hon. Mr. Euler) has introduced the bill for the third time in this house. I commend him for his efforts to help, as he believes, the consuming population in this country. I do not think anyone would find fault with him for what he is trying to do, but we must not forget that he represents a consuming population in the city of Kitchener.

Hon. Mr. EULER: Not only Kitchener.

Hon. Mr. McINTYRE: I also listened with attention to the honourable senator from Alma (Hon. Mr. Ballantyne), who is not in his seat tonight. He too represents a consuming population, in the city of Montreal. No one would find fault with him for the strong argument he advanced in the interest of that population.

I was interested to hear the honourable gentleman from Alma say that he was born on a farm not far from this city, and that he left the farm at the age of fifteen and moved to Montreal. Later, he told us, he engaged in dairy farming, and in partnership with his brother ran a farm for almost thirty years. That

should give him some knowledge of the hardships the dairy farmer and his help have to go through to make the business pay. He further mentioned that in the earlier days he could hire a man for $40 a month and board, but later had to pay from three to five dollars a day. This of course would add greatly to the cost of the product.

Another honourable senator who spoke in favour of the bill was the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), who represents a consuming population in the city of Toronto. I do not think anyone could find fault with him for attempting to do something for the people he represents.

Hon. Mr. HARDY: May I interrupt the honourable gentleman to ask him if, in these large and congested manufacturing districts, ample consideration should not be given to the public?

Hon. Mr. McINTYRE: Certainly. I am coming to that point.

The honourable gentleman from Toronto-Trinity also said that he was born on a farm. I assume that he left it at an early age, because he went to school, and afterwards to law school, where he graduated and became a member of the bar, later becoming King's Counsel, and finally Attorney General of his native province. Now I feel that had the honourable senator from Alma (Hon. Mr. Ballantyne) and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) remained in the dairy business, they would be here fighting this bill with all their might instead of supporting it.

Representing an agricultural province, as I do, I feel that I have as much right to uphold the interests of the agricultural industry in my province as have the honourable senators from Alma and Toronto-Trinity to support the consumer interests of their respective provinces.

When I spoke on this bill last year I had resolutions from the dairy industry of Prince Edward Island which I asked to have placed on *Hansard*. I have received similar resolutions this year from the same source, and with the consent of the house I would put the following on record:

Whereas, the dairy industry of Canada is divided into several different branches, the most important of which are the fluid milk trade, the manufacture of butter, cheese and concentrated milk products,

And whereas, any action that might be taken that would interfere with the successful operation of any of these branches could not help but react unfavourably upon the dairy industry,

And whereas, notwithstanding the scarcity of and the high cost of farm labour together with the advancing feed prices, the production of butter in Canada increased in 1947 by twenty million pounds,

And whereas, if given fair chance, a further effort will be made during the current session to bridge the gap between production and the very high consumption of butter in Canada,

And whereas, lucrative prices are being offered for good dairy cows and heifers for export from Canada,

And whereas, the whole industry is dependent upon the encouragement given farmers to build up and maintain a high standard of dairy herds and soil balance in Canada,

Therefore, be it resolved that we, the Prince Edward Island Dairymen's Association, wish to go on record as being strongly opposed to the present bills introduced in the House of Commons and Senate at Ottawa, having for their object the manufacture and sale of oleomargarine in Canada,

And be it further resolved, that a copy of this resolution be forwarded to the several members of parliament and senators from Prince Edward Island with the object of securing their support in defeating the said bills.

Signed on behalf of,
Prince Edward Island Dairymen's Assn.
J. H. Myers, President.
S. C. Wright, Secretary.

As you know, Prince Edward Island is a dairy province, in that the livelihood of a considerable part of the population depends on dairying. I am opposed to any action which will tend to lessen the revenues of the dairy farmers of Prince Edward Island. But not only they are affected: half a million farmers throughout Canada will suffer a great injustice if the importation or the manufacture of oleomargarine is allowed in Canada. Why do I say this? Because the population of this country is not large enough to absorb the production of oleomargarine as well as available supplies of butter. Canada has only a little over 12,000,000 people. Our neighbours to the south, who manufacture oleomargarine, number over 140 million. Newfoundland, where oleomargarine is also manufactured, is not an agricultural country at all. In the United States and in Newfoundland the manufacture of oleomargarine does not harm the dairy industry in the slightest degree.

Hon. Mr. HUSHION: May I ask a question of the honourable gentleman?

Hon. Mr. McINTYRE: Certainly.

Hon. Mr. HUSHION: Is butter production the largest industry of Prince Edward Island?

Hon. Mr. McINTYRE: It may not be, but it is one of the largest. I believe our largest production is potatoes.

Hon. Mr. HUSHION: It seems to me that, with parsnips selling at $4.50 a half bushel, potatoes at $2.50 per bag of 75 pounds, car-

rots at $3.50 a bushel, and loose-leaf lettuce at $7.50 to $8 for three dozen, the farmer is not suffering very much.

Hon. Mr. McINTYRE: The honourable senator must remember that in the last few years the pay cheque of the consumer has been greatly increased.

Hon. Mr. HUSHION: That is true of everybody.

Hon. Mr. McINTYRE: Then, if the consumer has substantially increased his earnings, is it not reasonable that the dairy farmer, who has to pay more for his hired help, as well as for his fertilizers and everything that goes into the production of his commodities, should receive a corresponding increase in his returns?

Hon. Mr. EULER: But why should the consumer be forced to buy butter?

Hon. Mr. McINTYRE: New Zealand, which manufactures oleomargarine, has to sell her butter at cheap rates to other countries.

Hon. Mr. EULER: Every country except Canada makes oleomargarine.

Hon. Mr. McINTYRE: Far be it from me to advocate anything which would do an injustice to the consuming population, including the little children that my honourable friend from Alma (Hon. Mr. Ballantyne) says are undernourished. But every city and town across Canada contains a certain number of poor—extremely poor—people. Although they are a part of the consuming population, their percentage is very small, and it is the duty of the cities and the provincial governments to come to their aid.

Hon. Mr. HUSHION: The honourable senator from Mount Stewart (Hon. Mr. McIntyre) has said that the farmer has to pay more. In Montreal the average labouring man who is not in a union of any kind, but who would not be called a poor man looking for charity, gets about 70 to 75 cents an hour for a 45-hour week.

Hon. Mr. McINTYRE: I was in Montreal in 1923 when pictures of my honourable friend, who was running in an election for the House of Commons, were on the posts. At that time wages in Montreal were only from 25 to 30 cents an hour. Wages now are much higher. Is it not reasonable, now that these workers are getting 70 cents an hour instead of the 25 or 30 cents they received when my honourable friend was running for election in 1923, that the dairy farmer should get an increase?

Hon. Mr. HUSHION: I think the honourable gentleman is mistaken in that statement, because I do not remember that at that time anybody was working for 25 cents an hour.

Some Hon. SENATORS: Order.

Hon. Mr. HUSHION: I know a little about wages, because I brought in the first budgets which were presented to the Council of the City of Montreal and the Legislature of Quebec to increase the wages of these working men. At that time they were getting about 40 cents, and I tried to get them a little more.

Hon. Mr. McINTYRE: If they were getting 40 cents at that time, they have now advanced to 70 cents, so that an increase in the returns of the dairy farmers would be only reasonable. My honourable friend from Alma (Hon. Mr. Ballantyne) said that whereas he hired men at one time for $40 a month, he now has to pay them from three to five dollars a day.

Canada, to ship her butter to other countries, has to ship at a very cheap rate. We all remember what happened in the campaign of 1930 when New Zealand was shipping her butter into Canada. In 1930 we were paying 20 cents a pound for butter, and, as my honourable friend from Saskatchewan has said, we could even buy it for 15 cents a pound. The slogan at that time was, "Farmers, look at your milk cheques". I do not know if that slogan went all over Canada, but it certainly was heard all over the province of Prince Edward Island. It was the result of New Zealand butter being shipped into Canada. With only a little over 12 million consumers in Canada what will happen here if the manufacture of oleomargarine is allowed? Can we come down to a price of 15 or 18 or 20 cents again for butter?

I have said that I have great regard for the consuming population of this country, and I would not do anything to injure them. But there is an argument both ways. There is a strong argument for this bill, but there is also a strong argument against it. In these circumstances, I say, leave well enough alone. When the revenue of the farmer in this country is lessened it affects every industry in the land.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McINTYRE: And with what result? The result is stagnation and unemployment, and everyone in every line of work—in commerce, in the mines and forests and everywhere else—is affected. When the farmer does not get a reasonable price for his product or when there is a crop failure he is the first to feel the pinch, but eventually it extends to every industry in the country.

Honourable senators, I spoke against this measure last year, and do so again this year, in the interest of the dairy farmers throughout the dominion.

On the motion of Hon. Mr. Bouffard the debate was adjourned.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second reading of the following bills:

Bill T-4, an Act for the relief of Joseph Onfroy Pilon.

Bill U-4, an Act for the relief of Thelma May Heggie May.

Bill V-4, an Act for the relief of Molly Renetta Fry Bist.

Bill W-4, an Act for the relief of Patricia Potter Parker.

Bill X-4, an Act for the relief of Helen May Smith Saunders.

Bill Y-4, an Act for the relief of Jean Duncan Girard.

Bill Z-4, an Act for the relief of Evelyn Sylvia Jones Bowen.

Bill A-5, an Act for the relief of Joseph Eugene Ernest Bourbonnais.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the ACTING SPEAKER: When shall the bills be read the third time?

Hon. Mr. HAIG: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on divison.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 9, 1948.

The Senate met at 3 p.m., the Acting Speaker (Hon. A. B. Copp) in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. GOUIN presented Bill O-5, an Act to incorporate the National Insurance Company.

The bill was read the first time.

The Hon. the ACTING SPEAKER: When shall this bill be read the second time?

Hon. Mr. GOUIN: With leave of the Senate, on Thursday.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill F-5, an Act for the relief of Mildred Frances Batten Gzowski.

Bill G-5, an Act for the relief of Irene Nellie Kon Ballantyne.

Bill H-5, an Act for the relief of Theophile Gobeille.

Bill I-5, an Act for the relief of Violet Mary Cowper Preston.

Bill J-5, an Act for the relief of Virginia Grace Borland Langton.

Bill K-5, an Act for the relief of Ethelwyn Lillian Flynn Budd.

Bill L-5, an Act for the relief of Alfred Winston Savage.

Bill M-5, an Act for the relief of Elizabeth Frances Mary Liddle McClelland.

Bill N-5, an Act for the relief of Diana Eva Whittall Beurling.

The bills were read the first time.

The Hon. the ACTING SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: With leave of the Senate, next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. JOHNSTON presented Bill P-5, an Act to incorporate Canadian Co-operative Livestock Packers Limited.

The bill was read the first time.

PRIVATE BILL

FIRST READING

Hon. Mr. HUGESSEN presented Bill Q-5, an Act respecting Canadian Marconi Company.

The bill was read the first time.

BUSINESS OF THE SENATE

GOVERNMENT BILLS—PARTICIPATION BY MINISTERS IN SENATE DEBATES

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, I should like to make two suggestions with respect to our procedure in the immediate future.

This afternoon the honourable senator from Vancouver South (Hon. Mr. Farris) will move the second reading of Bill 3, an Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources. I have consulted with the leader of the opposition (Hon. Mr. Haig), who wishes to adjourn the debate after the honourable gentleman from Vancouver South (Hon. Mr. Farris) has spoken. That is quite agreeable to me, but after the leader of the opposition makes his remarks I should appreciate it if other honourable senators would arrange to carry on discussion of the bill until it has been resolved one way or the other. My reason for suggesting this procedure is that there is either before us or in prospect for the next two weeks a good deal of legislation, and I am desirous that we should make as much progress as possible.

Another measure to which I wish to refer is Bill E-5, an Act to amend the Canada Shipping Act, 1934, which honourable senators will note is on the Order Paper for second reading tomorrow. This is a most important piece of legislation, and undoubtedly will involve considerable discussion in this house and frequent meetings in committee. I urged my colleagues to permit this measure to be introduced in the Senate. At the same time I suggested that the Minister of Transport should avail himself of the opportunity afforded by the change in our rules, as passed last session, and should appear before us and present his legislation.

Notwithstanding the fact that Bill E-5 appears on the Order Paper for second reading tomorrow, I should like honourable senators to continue the discussion on Bill No. 3 until we have resolved it and referred it, as we no doubt shall do, to a committee.

I have given considerable thought to and have consulted His Honour the Speaker about the proper procedure to be followed when the

Minister of Transport comes to this house. This will be the first occasion of its kind. For information of honourable senators, I may say that what I propose is this. On the day on which the honourable minister is to come here, just before the order is called by the Clerk I shall retire from the chamber and escort the minister in and introduce him to the Speaker, and then escort him to the chair on my left. His Honour the Speaker will then welcome the minister, not only on his own behalf but on behalf of other ministers who may follow him in the future.

Hon. Mr. DUFF: Should we not have a band to accompany the minister?

Hon. Mr. ROBERTSON: That will be left to the ingenuity of honourable senators.

I will then move the second reading of the bill and ask the honourable minister to deal with it.

Honourable senators, I do not intend to imply that the proposal I have outlined should set a precedent for all similar occasions. Hereafter it would be sufficient for me, on the calling of the order, to retire from the chamber and escort the minister to his seat, when he would bow to the Speaker, and proceed without further formality.

Hon. Mr. ROEBUCK: May I ask whether this bill has been distributed? Honourable senators should have copies of it before the minister comes here.

Hon. Mr. ROBERTSON: I was under the impression that the bill had already been distributed, but I am informed now that copies are not yet available for distribution. I assure my honourable friend, however, that the bill will be in the hands of all honourable members of this house before the discussion on second reading takes place.

Hon. JOHN T. HAIG: Honourable members, I know that this question is not debatable at this stage, but the practice of this house has always been to allow the leader of the opposition to comment on such matters as this.

The bill appears on the Order Paper for second reading tomorrow. At that time I shall be ready to go on with the debate. I am just as anxious as my honourable friend to have this matter brought to a conclusion as soon as possible. Legislation that is somewhat dependent upon this arrangement is to come forward, and it would be inconvenient if it were before us when we were discussing this change. Nowadays, as in the past, our best work is done in committee, where a deputy minister or some other appropriate official can attend and give his views.

But what I wish to refer to particularly is the statement of the honourable leader that this house, by amending its rules, allowed a minister of the Crown to come into this chamber and speak. I care not what amendment of our rules we make. By the British North America Act the Parliament of Canada is constituted in three divisions,—the Governor General, the Senate and the House of Commons; and there is no precedent that I have ever heard of or been able to find for permitting a member of one house to enter another house and address its members without their unanimous consent.

Hon. Mr. FARRIS: Surely, Mr. Speaker, this is out of order.

Hon. Mr. HAIG: As leader of the opposition I have the right to make a statement. The leader of the government has the same right, and he has exercised it.

Hon. Mr. FARRIS: The leader of the government merely made an announcement of procedure. The leader of the opposition is now discussing an amendment which was passed last session.

Hon. Mr. HAIG: In fairness to the government there should be an explanation. If the government wants me to sit down, I shall; but it will be the first time that I have been asked to do so. If the honourable member for Vancouver South (Hon. Mr. Farris) asks me to sit down I shall do so; but, in the thirteen years that I have been here it has always been the practice, when the leader of the government has made a statement, to permit the leader of the opposition to make a statement in reply. That is the practice also in the other place and in every parliament that I have ever heard of.

Hon. Mr. FARRIS: My objection is not to the honourable gentleman making a statement about procedure, but to his discussing the principle of a rule which was passed last session.

Hon. Mr. HAIG: But if I do not do it now—

Hon. Mr. FARRIS: You should have done it last session.

Hon. Mr. HAIG: —I do not know when I shall have a chance to tell the government where I stand. If honourable members opposite still want to go ahead, they can; we are a minority and cannot stop them. I believe that in fairness to the government and to this house I should make it clear where we stand. It may be that my friends opposite do not wish to hear our views, but I may tell

them that I shall certainly make proceedings as difficult as I know how, if, as one of the leaders of the opposition, I am not allowed to state my stand on a question which affects the whole house. I repeat, however, that if the house does not want to hear me I am willing to sit down.

Some Hon. SENATORS: Go ahead.

Hon. Mr. HAIG: I am not debating the question; that can be done when it comes up. I am expressing the view of our party in this house, that no person except a dully appointed member of the Senate, who has taken the oath, can speak here without the unanimous consent of this house. The minister or his deputy can come in here and sit in front of the leader; then, when I ask a question the leader can answer it or he can ask the visiting minister or the deputy for information. That is in accordance with the practice in the House of Commons and in every other legislative body. As I have said, I care not what amendment has been made: only a senator can speak in this house, except by unanimous consent.

Hon. Mr. CAMPBELL: In view of the fact that the amendment of the rule was passed, does the leader opposite not propose to abide by the rules?

Hon. Mr. HAIG: You cannot by amendment of the rules make a man a member of the Senate.

Hon. Mr. FARRIS: Nobody proposes that.

Hon. Mr. HAIG: Only the government can appoint a senator.

Hon. Mr. CAMPBELL: The leader of the opposition must admit that the rules were amended—

Hon. Mr. HAIG: Against my opposition.

Hon. Mr. CAMPBELL: —to permit a member of the government to speak in this chamber. Does the leader of the opposition say that he is not bound by that?

Hon. Mr. HAIG: I say that the fundamental constitution of this house cannot be changed by an amendment of the rules.

The Hon. the ACTING SPEAKER: Honourable senators, I think the amendment was unanimously adopted by this house last year.

Hon. Mr. HAIG: No, I opposed it.

The Hon. the ACTING SPEAKER: I will read the new rule so that it may be thoroughly understood. Rule 18A reads:

When a bill or other matter relating to any subject administered by a department of the Government of Canada has originated in and is being considered by the Senate or in Committee of the Whole, a minister representing the department, not being a member of the Senate, may enter the Senate chamber, and, subject to the rules, orders, forms of proceedings, and usages of the Senate, take part in the debate.

This, it seems to me, is clear.

Hon. Mr. HAIG: I am pointing out that I objected last year and divided the house. The amendment was not unanimously passed.

The Hon. the ACTING SPEAKER: It was passed.

Hon. Mr. HAIG: But not unanimously.

The Hon. the ACTING SPEAKER: It is now a rule of this house.

Hon. Mr. HAIG: I admit that; but even if twenty rules were passed it would not permit a member of another house to come here when this house is in session and make a speech. If a totally new rule book was made tomorrow and all the people in Canada were told they could come and make a speech in the Senate, they still could not do so.

Hon. Mr. DUPUIS: May I ask the leader of the opposition if he considers the rule passed last year unconstitutional?

Hon. Mr. HAIG: My point is that it is not a question of a rule but one of the constitution. Under the constitution it is provided that only senators may speak in the Senate, and nobody else has any right to do so. Anyone other than a senator who appears here will be a stranger on the floor, and I will ask to have him removed. That is my right.

Hon. Mr. SINCLAIR: I ask the honourable leader opposite (Hon. Mr. Haig) to quote the constitution in support of his statement.

Hon. Mr. HAIG: The British North America Act originally provided that the Senate should be composed of seventy-two members. Later the number was increased to ninety-six. That is the provision with respect to the number of senators, and no one should come here who is not a senator. I am not going to take any further time, because there is a good deal to be said for the suggestion of my honourable friend from South Vancouver (Hon. Mr Farris).

Hon. Mr. FARRIS: I wish to have the situation clarified. If this question is to be raised, it should be debated. I have a great deal that I should like to say on this question, but this is not the time to say it.

Hon. Mr. CAMPBELL: I should like an answer to the question I put to the honour-

able leader opposite as to whether or not he is willing to be bound by the rule that has been passed, and to permit the Minister of Transport to be present and to discuss the bill in question.

Hon. Mr. HAIG: My answer is no.

Hon. Mr. CAMPBELL: Then I shall ask a second question. Does the honourable leader propose to take objection when the Minister of Transport appears on the floor of this house?

Hon. Mr. HAIG: I do.

I thank the honourable members for having listened to me. I appreciate the courtesy they have extended to me in allowing me to make this statement. I made the statement because I wanted the leader of the government (Hon. Mr. Robertson) and other honourable senators to know that there is opposition to this procedure.

Hon. Mr. ROEBUCK: Honourable senators, it seems to me that the leader opposite should take one position or the other.

Hon. Mr. HAIG: I did.

Hon. Mr. ROEBUCK: Oh, no, you did not.

Hon. Mr. MORAUD: Honourable senators, I rise on a point of order. If this matter is to be debated, we should be so informed, so that everyone who wishes to take part may be prepared to do so. As I understand our procedure, the leader on each side makes a statement and that is the end of it.

The Hon. the ACTING SPEAKER: That is correct. There is nothing before the house to be formally debated.

Hon. Mr. ROEBUCK: I should like to ask a question. The leader of the opposition has not made his position clear, and I should like him to do so.

Hon. Mr. MORAUD: That is not a question.

Hon. Mr. ROEBUCK: If the leader of the opposition is going to challenge the rule on the ground that it is unconstitutional, he should let us know, so that we will be ready to debate that point tomorrow.

Hon. Mr. FARRIS: He has stated that that is his position.

Hon. Mr. HAIG: I answered that question in replying to the honourable senator from Toronto (Hon. Mr. Campbell).

EMERGENCY EXCHANGE CONSERVATION BILL

SECOND READING

On the Order:

Second Reading of Bill 3 an act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources.

Hon. Mr. ROBERTSON: I have asked the honourable senator from Vancouver (Hon. Mr. Farris) to handle this bill.

Hon. J. W. deB. FARRIS: Honourable senators, I move the second reading of this bill.

Hon. Mr. ROEBUCK: Has this bill been distributed?

Some Hon. SENATORS: Yes.

Hon. Mr. FARRIS: Honourable senators, I regard this bill as an exceedingly important piece of legislation, not only as it stands in its present form but in its implications and the problems it raises in connection with the future policy of this country.

The purpose of the bill is set forth in its title:—"An Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources". For the purposes of the bill the term "Canadian Foreign Exchange Resources" means the American dollar. In short, this is legislation of an emergency nature to conserve American dollars in relation to the exchange of currencies in the world, and particularly as between Canada and the United States. The method adopted in the bill is a direct one, as I shall explain a little more fully in a moment.

I think the first thing that should be considered is the need for what is termed "emergency legislation". This matter should be looked at from three periods of time. Prior to the war the problem of foreign exchange and the American dollar was on our hands. The balance of trade was generally in favour of Canada. But long before the war the balance of trade as between this country and the United States was heavily against Canada. That was taken care of very largely, however, by a triangular situation: what we bought from the United States we paid for in large measure by money received for what we sold to Great Britain. As long as Great Britain was able to pay us in dollars, which we could use in the United States, there was no difficulty for this country. Then the war came on, and with it real difficulties. During the

war the situation was solved very largely as a result of what is called the Hyde Park agreement, but for which I think the correct term is the Hyde Park declaration. The Prime Minister of Canada went down and saw the President of the United States at his home in Hyde Park, in the State of New York, and they talked things over and decided on a policy. That policy was afterwards declared by those two public men, and it had a tremendous influence on not only our foreign exchange relations but on the whole conduct of the war.

With the many problems that are arising, it is easy to lose sight of things after two or three years, and I think probably all of us have to some degree lost sight of the real importance and significance of the Hyde Park declaration. Therefore I looked up in *Hansard* the speech that the Prime Minister made in another place on April 28, 1941. Honourable members will recall what Canada's situation was at that time. The United States had not come into the war then; it did not come in until December of 1941. I should like to read a short extract from the Prime Minister's statement, first because of its importance in connection with this matter with which we are dealing; and second, because I think it will help to refresh our minds as to what was happening in those days and give us a better understanding of the vision that the public men of these two countries had. I am reading from the Commons *Hansard* of 1941, page 2289:

> For Canada, the significance of the Hyde Park declaration may be summarized briefly as follows: first, it will help both Canada and the United States to provide maximum aid to Britain and to all the defenders of democracy; second, it will increase the effectiveness of Canada's direct war effort; and finally, through the increased industrial efficiency which will result, it will increase our own security and the security of North America.

Just a few moments before that the Prime Minister had said:

> The agreement will go a long way towards the solution of the exchange problem and, in this way, will remove one of the financial obstacles to the maximum war production program of Canada and the United States.

That prediction was wonderfully fulfilled, honourable senators.

And here are the Prime Minister's concluding words:

> The Hyde Park declaration is, I believe, a further convincing demonstration that Canada and the United States are indeed laying the enduring foundations of a new world order, an order based on international understanding, on mutual aid, on friendship and good will.

However regrettable it may be that the example of that declaration has not caught on as it should have in the rest of the world, there is no doubt that it has continued to be effective between these two countries on the North American continent. And we pray that it may long continue.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: Now, honourable senators, looking at the purely financial aspects of this declaration, I would remind the house that as a result of our association with the United States and our great wartime production, we had after the war, and as late as January 1, 1946, a surplus of $1½ billion in American funds. When the war ended, the effect of the Hyde Park declaration also ended, but the problem of foreign exchange remained.

That problem was not overlooked. I am glad to be able to remind honourable senators of the discussion before our Banking and Commerce Committee, when Mr. Graham Towers appeared before it in August 1946. In the light of what has happened since, and because of some of the criticisms that are being made at the present time, I think a couple of short extracts from what Mr. Towers said at that time would be interesting. After referring to the surplus, he made these remarks:

> I do not think that these admittedly large holdings of gold and United States dollars should lull us into the belief that our position is an impregnable one.
>
> Our high level of employment and national income, and the backlog of deferred consumers' buying, inevitably result in a tremendous demand for imports, most of which have to be paid for in U.S. dollars. On the other hand, a very substantial volume of our exports is financed on credit, and from these exports we earn no U.S. dollars. Predictions are dangerous things, and I would not care to make a definite estimate of our current account deficit in U.S. dollars over the course of the next two years. But I can go so far as to express the opinion that it would not be surprising if the deficit for the two-year period was half a billion dollars or more.
>
> It follows from what I have said that we may well see a reduction of more than $600 millions in our U.S. holdings over the course of the next two years. It might even be the case that our holdings of gold and U.S. dollars were cut in half.

Honourable members will see that the government have not been going at this matter blind, but that their financial experts have been warning of the situation for the last couple of years.

Let me emphasize that I do not wish to name these figures as a definite prediction, but simply to say that the outlook at the present time is for drafts on our resources of the order of mag-

nitude which I have mentioned. These figures assume continuance of control over exports of capital. If we do not control exports of capital, a host of new uncertainties appears on the scene.

Canada is a debtor country. Canada's foreign debt is substantially larger than that of any other country in the world if one excepts the war debts incurred by the United Kingdom in the form of accumulated sterling balances. A very large portion of Canada's foreign debt is in the form of negotiable securities in the hands of non-residents. These holdings in the United States run to billions of dollars.

That was the situation two years ago. Then last November the Minister of Finance told the House of Commons that of our reserve of $1½ billion in United States dollars only $500 million remained. Two-thirds of it had gone—considerably more than even Mr. Graham Towers had anticipated.

Hon. Mr. HAIG: Twice as much.

Hon. Mr. FARRIS: The trend is significant. In 1946 our surplus of $1½ billion was reduced by $250 million, and in eleven months of 1947—that was the period to which Mr. Abbott referred—another $750 million was dissipated. In other words, our reserve was reduced by $1 billion in two years; and three-quarters of that reduction occurred last year.

All honourable senators know the reason for this situation, but the reason for the reason is another question. The immediate reason was that we were short large sums of cash from the United States, and we were selling to the United Kingdom and other countries on the basis of a credit that could not be converted into United States dollars. For instance, in 1946 our total favourable balance of trade, including certain securities purchased in Canada, was $600 million; but for the same period we had sold goods to the United Kingdom to the value of $860 million, on credit which was not convertible. That left us with a deficit which was a drain on our United States dollars to the extent of $260 million. In 1947 there was a disproportionate balance of trade, to the same or an even greater extent, between our sales to the United Kingdom and our purchases from the United States. Our shortage of American dollars was then $750 million.

I should call the attention of honourable members to the fact that this unfavourable position was not due to any lack of trade or business. Our problem was exactly that of a businessman whose business becomes so unexpectedly large that it dissipates his reserve of available capital. The value of commodities exported in the eleven months of 1947 exceeded our exports for the same period of 1946 by 19 per cent.

Hon. Mr. EULER: How much does that amount to in our money?

Hon. Mr. FARRIS: I have not worked that out, but I have given you the figures. In 1947 our imports exceeded those of 1946, not by 19 per cent, but by 36 per cent. It will be seen therefore, that our business was expanding; but while our exports increased 19 per cent, our imports increased 36 per cent. It was this excessive buying in the United States that created the deficit in 1946, and which doubled in amount in 1947.

Now, honourable senators, what was the result? I have already shown you how our position resembled that of a businessman. The amazing part of the situation was that there was water, water everywhere, and not a drop to drink. Notwithstanding the tremendous advance in business, Canada was faced with the problem of immediately mending her financial ways or going broke. It meant going broke in a land of plenty, where the more business you did in the way in which you were doing it the worse off you were.

We are now faced with the remedy, which for the time being is termed an emergency remedy. It was first dealt with by an order in council which operated until parliament was called last December. Since that time this measure has been under advisement, and it will, when passed, supersede the order in council, which was passed under the Foreign Exchange Control Act. Honourable members of this body have every reason to remember that Act by reason of the very spirited discussion and the many amendments made to the measure before it passed this house.

I should like honourable senators to consider with me briefly some explanations of the bill now before us and of the way it operates. Section 3 (1) provides that goods shall not be imported excepting on a permit. There are three schedules established under which there are three methods of control. Under Schedule I there are prohibitions, under Schedule II quotas, and under Schedule III regulations. May I analyze that provision briefly?

First, let us look at section 4 of the bill, dealing with goods in Schedule I, which reads as follows:

> No permit shall be issued for the import of goods listed in Schedule I unless, in the opinion of the Minister, exceptional hardship would result if a permit were not issued.

Schedule I, commencing at page 6, sets out a description of the goods. I need not read the list, but I note that it refers to meats, ginger, yeast, cakes, table salts, biscuits and so forth. I do not see any reference to margarine.

Hon. Mr. EULER: You will.

Hon. Mr. FARRIS: Schedule II deals with quotas. The goods are listed in five categories: fruits and vegetables; textiles; leather goods of various kinds; clocks, cutlery and other things of that nature, and lastly a miscellaneous list of prepared foods.

I have no advice on the basis for the working out of quotas, but from my own study it would appear to work this way. First, as to fruits and vegetables, the national quota is arrived at on the basis of what we imported in the year before the war. We then calculate what percentage of the imports of that year we should allow Canada as a whole in the year 1948. Of course requirements have gone up tremendously. It may be that in certain cases the quota should be 200 per cent of what was brought in during the year before the war. We then break down the national quota into individual quotas and a person who was in business last year is entitled to a quota of so much based on the amount he imported for the year ending June 30, 1947.

I have given a rather sketchy explanation of Schedules I and II which probably is not very lucid, but if honourable senators will turn to the *Hansard* of the other house, at pages 333 to 336, they will there find Honourable Mr. Abbott's explanation in more detail. They can then work it out for themselves and see how many mistakes I have made.

We now come to Schedule III, which is based, not on quotas or prohibitions, but on regulations, although a considerable number of prohibitions come into it. This schedule covers capital goods. The regulations for the importation of capital goods are under the control of the Minister of Trade and Commerce. The reason for that, I take it, is that capital goods relate to commodities that are brought into Canada not for the purpose of resale, such as a pair of shoes, but to be used in Canada in some way for the manufacture of other goods for resale to the United States. May I illustrate? I am familiar with a large power project which is in process of development in British Columbia. There has been a shortage of power in the lower mainland of that province, and at the present time we are borrowing or renting power from the State of Washington. This development is the basis for the production of power in that part of Canada, and the machinery and equipment that goes into it must be secured in the United States. It is, therefore, regarded as a capital investment.

In trying to stop the flow of United States dollars, you cannot possibly afford to cut off your nose to spite your face. You will appreciate that the importation of essential capital goods which contribute to our industrial development must not be unduly checked. Such importations are not limited to finished machinery; they also include tools fabricated for machinery, and such essential raw products as steel and, on occasion, coal, gas and other elements which must be imported if our industrial life is to go on and we are to earn American dollars. Honourable senators can see that a question of this complexity cannot be settled off-hand by parliament, because parliament is not sufficiently qualified. The only course is to put this matter under the control of men who can deal with each individual case as it comes up; and it has been decided, rightly or wrongly, that while the regulations under this Act are in operation their administration shall be vested in the Minister of Trade and Commerce. In the result there will be no substantial restrictions on essential machinery or essential raw materials which are required for the purposes I have mentioned.

It is also proposed under this bill to make arrangements to extend the manufacturing of parts, and for the sale of such parts in the United States. I confess, honourable senators, that I am not qualified to elaborate on that proposal, but I will mention enough about it to interest you, perhaps, in pursuing the question further.

Today we import or use certain parts in the manufacture of machinery in Canada. Whatever resentment the individual merchant may feel about what is going on under these necessary provisions, those in charge of government in the United States clearly recognize that Canada is their best customer, and that she will not continue to be unless she is enabled, in co-operation with that country, to reorganize her finances and her industry in such a way that she may continue to do as she has done hitherto. I understand, from the casual reading I have been able to do in this regard, that new activities are to be developed in co-operation with the United States in order that parts of essential machinery can be manufactured in Canada for sale not only in Canada but directly in the United States, for the purpose of bringing more American dollars into this country. Furthermore, the Minister of Trade and Commerce, with his departmental experts, will be enabled to restrict the importation of capital goods which are not immediately needed for our productive purposes. For example, a man is housing his goods in a warehouse which, although usable, is old, and he wants to import steel girders and many other things to build a new one. The answer will be, "No; the erection of this building would not contribute a dollar to the

manufacture or production of new goods to be sold in the United States. That type of construction must be deferred". That would seem to me a sensible decision.

In this connection I would quote a paragraph from a speech made in another place by Hon. C. D. Howe, the Minister of Trade and Commerce, as reported at page 389 of *Hansard*. He said that the policy was not only to restrict imports, but—

> to give energetic and effective encouragement to the development of our natural resources of mines, forests and fields which will find a market in the United States, and to the expansion of manufacturing industries that will be able to compete in the United States.

I think I have now said all I need say about the mechanics of this bill. Though my explanation may not have been very lucid, I think it will serve the purpose in opening the discussion on this measure.

Concurrently with this bill certain remedies are being proposed. One is the imposition of some new excise taxes. I will not now go into details. I have no doubt that on the budget or at some other stage this legislation will be fully explained. But we may well take notice of the strenuous criticisms which have been made that these excise taxes were imposed before parliament met, and the extravagant assertions that this is taxation without representation, an insult, defiance of parliament, and so on. Well, with all due respect to the critics, I do not think there is anything to justify their statements. A similar principle is followed every year in connection with the budget. When things of this kind are to be done, the only way is to do them and announce them afterwards. Otherwise their very purpose will be defeated through extravagant and unfair importations by people who want to "beat the gun."

The point is that almost immediately after this order in council was passed parliament was summoned and the whole matter was placed before it. If the government's procedure was held to be a flouting of the people's representatives, or subversive of democracy, the proper course would have been to move a vote of want of confidence in the government the very first day that parliament met, and upon that assumption, within two or three days the government might have been turned out of office. I suggest, and I know the suggestion will be sympathetically received in this house, that the problem is of such importance that, while controversial in the sense that thinking men will have different ideas about it, controversy should be kept within the bounds of what will be the best policy for Canada, and that extravagant statements and the conjuring up of hysterical notions should be discouraged, for though they may sound well on the hustings they certainly do not contribute to the solution of what is essential to the best interests of the Canadian people.

The success of the measures which have been adopted in this emergency fashion is not yet fully demonstrated, but it is indicated in two ways: by the complaints which are heard—which show that the system is working; and by the figures which Mr. Abbott was able to give in the House of Commons on February 10. He then stated as reported in *Hansard*, page 738:

> At the end of November, as I think I have already reported to the house, reserves had fallen to approximately $480 million, and the decline was then continuing. On December 17 the low point was reached of just under $461 million. However, we ended the year 1947 with total holdings of $502 million, and at the close of business yesterday, that is Thursday, January 29, our total holdings of gold and United States dollars were approximately $514 million.

So far the policy has stopped the drain, and headway against the stream is being made to an extent which gives assurance that in due time there will be favourable results. I asked the Bank of Canada for later figures; and when I inquired of Mr. Donald Gordon he said, "There is a provision in the Act whereby I would go to jail if I revealed them." But I do not think there is any reason to doubt that the situation is still improving.

Now I want to direct your attention to certain criticisms of this measure. I do not think there is a member of this house who does not agree that the need for controls is an unfortunate thing. Every session we have all been disappointed that there has not been more opportunity for the quicker elimination of controls. But existing conditions have to be faced, and if there must be controls their administration cannot be left entirely to parliament because parliament is a legislative and not an administrative body. Controls would not work out if we tried to settle them all in advance. Many of you, I think, will agree with me that, if controls of this kind must be maintained by this or any other government, Mr. Abbott and Mr. Howe are about as experienced and as well qualified to give efficient service as any two men in Canada.

Honourable senators, I do not feel that what is being done in this emergency will in any way undermine our Canadian way of life or our ideas of democracy. I am concerned, however, about every step we take in the way of control in relation to the policy of socialism in Canada. As I see it, the Canadian people, represented by the Liberal and Conservative parties, carried on these controls

during the war because they knew they were essential. They are now continuing to carry them on as an after-war condition. The best we can say about them is that they are a necessary evil. But the CCF party seems to like controls for the sake of control. A control system is implicit and basic in the policy which the CCF party wishes to make permanent in Canada. For that reason my only concern about this emergency measure in relation to Canada's permanent policy is that people may think, "Well, if a little is good, a great deal is better". When I hear anyone offer that suggestion I like to quote what I quoted in the same connection in this house before:

> Vice is a monster of so frightful mien,
> As to be hated needs but to be seen;
> Yet seen too oft, familiar with her face,
> We first endure, then pity, then embrace.

Honourable senators, if the time ever comes when we in this country learn to embrace controls for their own sake, and in order that everything may be handled by the government, we invade the field of private enterprise and take it away from the men who are best qualified to develop it, that will be a sorry day for Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: There is another line of attack which is being taken against this particular remedy. A night or two ago in Kingston Mr. Bracken said that this policy was a tragedy of errors. I read very carefully the report of his remarks in the Montreal *Gazette* and then I looked in the Ottawa papers to see if I could find out what the tragedy was, where the errors were and what policy the government should have adopted. I was not able to do this. However, in going through various editorials and in reading about the subject in other places I did find a suggestion, and I must say that I was somewhat bothered about it myself before I came to Ottawa the last time. I read that the government's mistake was made in July 1946, when they pegged the Canadian dollar at par with the American dollar and took off the 10 per cent difference. It was suggested that the proper remedy was deflation. It has been said that we should let nature take its course and leave the Canadian dollar alone; that if we use the Canadian dollar too extravagantly, thereby imperilling our credit, the Canadian dollar will go down in value and the problem will finally adjust itself. I cannot see any economic reason why, sooner or later, it would not adjust itself. In the very short time at my disposal I have done my best to study this problem and find out if, after all, that is the best way to deal with it. I have been impressed with some of the things Mr. Abbott has said, and with what Sir Stafford Cripps said last Friday respecting the situation in Great Britain, where the problem is a great deal more serious than ours. While I would not want to accept the economic policy of a socialist government, when it comes to a question of foreign exchange I feel that Sir Stafford Cripps has consulted the best financial critics on every side of politics in Great Britain. There the matter is too serious to play politics. In language that was almost dreadful, Sir Stafford Cripps repudiated any suggestion of allowing the value of their money to go down.

Mr. Abbott, in his speech, said that moderate inflation or deflation would not do the trick. He stated that the people of Canada had been buying in the United States, regardless of the high prices there, and good Canadian dollars were being spent on American goods. While admitting that substantial deflation might have the desired effect, Mr. Abbott pointed out its consequences. First, he said that the deflation of money is in a substantial way another form of inflation. That is what it must be. Therefore it would necessarily increase our cost of living, particularly as compared with the cost of living across the border line. He did not elaborate this point as much as I should have liked him to do.

To my mind the key to it all is that under the proposed system the restrictions will fall on the things we can get along without, and not on the capital goods we must bring into this country. Canada has to import such natural products as oil, coal and steel. Deflation would hit those capital goods just as hard as it would hit the goods we do not need; it would fall on all commodities alike. The result would be that if our dollar went down to, say, 75 per cent of its value, we would be paying for everything we have to bring in from the United States a percentage of—how much?

Hon. Mr. HOWARD: Thirty-three and a third per cent.

Hon. Mr. FARRIS: The mathematician next to me has answered the question. It would be 33⅓ per cent. That being so, the 33⅓ per cent, together with the increased cost of labour, would make the cost of our manufactured products so excessive that they could not be sold in the United States for a fair profit, and the whole scheme would defeat itself.

It has been said that such a scheme would be inconsistent with our international commitments. I cannot follow that. Honourable

senators will recall what a furore was raised in other countries just a short time ago because France devalued its franc.

Hon. Mr. HAIG: But nothing happened.

Hon. Mr. FARRIS: Another thing that was pointed out by Mr. Abbott was that American capitalists would take advantage of the situation, and would come in and buy our natural assets at bargain-counter prices. Mr. Abbott, like myself, is a lawyer, and I do not believe that he devised these reasons out of his own wisdom; rather, I feel sure they are reasons which he, as an efficient and competent minister of the Crown, has secured in consultation with the best financial advisers that he can get—such men as Graham Towers, Donald Gordon and Dr. Clark—and also with a large number of men in private industry, who have first-hand knowledge of how serious the consequences would be for Canada if we let our dollar run right downhill. Similarly, Sir Stafford Cripps no doubt acted on the best financial advice available to him.

What is the next criticism? Opponents of the government say: "It is an outrage to jump in and act suddenly like this. You ought to have acted sooner." In the first place, that strikes me as being rather inconsistent, because if a thing is bad you ought to get credit for putting off the doing of it for as long as you could. I think the government's position in this respect might be fairly compared to that of a surgeon. Sometimes there is no doubt about the need for a prompt operation—as when a patient has peritonitis, for example. But in other cases there is not that urgency, and it is possible that the patient will so improve that an operation will not be necessary at all. In such cases the surgeon scratches his head and confers with his colleagues, and it is decided that no harm will be done by waiting for a while. Also, in certain cases there is another reason for delaying an operation. The doctor says: "This patient appears to be in good health. He is a big, husky man, and he thinks there is not much wrong with him. He is doing a fine business, and in his present state of mind, if I advise him that it is necessary to operate, he will be rebellious and will not give the co-operation which is so essential to recovery."

The problem facing the government was much like that. Suppose that a year ago the government had said, "We foresee that next year the Canadian people are going to spend more money than they can afford, so we are going to put the clamps on now." Do honourable senators not agree that there would have been such a roar in this country that the government could not have got away with the restriction? I suggest it would have been impossible to get away with it not only politically, but effectively as an administrative measure. So the government waited till it was not safe to wait any longer. They waited until they could see, and the public of Canada could see, that however unpleasant the restriction might be there were grave and sufficient reasons for imposing it. And I think that as Canadians we can congratulate ourselves upon the most surprising co-operation there has been in the carrying out of this rather unpleasant but necessary procedure.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: Honourable senators, I am sorry that I have taken so long—

Some Hon. SENATORS: No, no.

Hon. Mr. FARRIS: —but, after all, I think this matter is of more than ordinary importance. Of course, I always say that about every matter that I discuss.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HOWARD: You never speak unless the matter is important.

Hon. Mr. FARRIS: The next thing we have to bear in mind is that this is emergency legislation, and that sooner or later it is going to be fused into a better and more permanent policy. There must be a long-range policy which will lead us out of the present difficulty and make this emergency measure no longer necessary. To my mind that is implicit in our consideration of this measure. If a doctor advises you to submit to an operation, and at the same time tells you that the operation itself will be successful but you are going to die, you will not see any point in having the operation performed. You will submit to it only if he can assure you that afterwards, perhaps by making some necessary changes in your methods of living, you will be in better condition than before.

The question is, how long is this emergency going to last? There was a good deal of controversy on that point in another place. There is a story told of Abraham Lincoln, that once he was asked how long a man's leg should be; and he replied, "Long enough to reach to the ground." Well, I think we are all agreed that the life of this emergency legislation should not be any longer than is necessary, and that it should not become part of our permanent Canadian policy. I want to give some reasons for that, because I think this view is basic. It is not economically sound for a young country that is progressive and ambitious, and has great resources, to tie the hands of its people in their trading with their closest and richest neighbour.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: Let me quote from an article in the London *Economist* of January 10, this year:

> The American way of life, or more accurately the North American standard of living, is too deeply ingrained in Canadian standards of consumption and ways of business and processes of production; to cut off imports of American products or components permanently is unthinkable. Every American magazine, every American radio broadcast, every American visitor, that comes across into Canada helps to mould Canadian minds into thinking that anything much less lavish and luxurious than American standards is intolerable.

That review is published in England. Speaking as a Canadian, I would say that we do not need American magazines or radio broadcasts or visitors to bring home to us—a capable and competent people, as good in every way as our American neighbours—that anything less than what is good enough for them is not good enough for us. That accords with our good-neighbour policy. It is fundamental to our North American way of life, and in my opinion it has an economic, social and spiritual basis. This North American continent, honourable senators, is an oasis of friendship in a desert world that elsewhere is darkened by clouds of suspicion, and storm-swept with animosities and hatreds. That oasis of friendship must be preserved at all costs and at all sacrifices.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: We are told that it is not safe to have closer trade relations with the United States, that we are in danger of being dominated by the American Senate and the House of Representatives. I do not think I should like to see Canada annexed to the United States, although I am amazed at how many good Canadians are willing to have their sons go over there and become annexed. However, those of us who stay here treasure our institutions, our ideals and our traditions. But I want to say this, honourable senators, that if there is one thing that would increase in this country the sentiment for annexation, it would be a denial of our right of free traffic with our friends and neighbours across the border.

What I am saying to honourable senators is that an essential part of this program of emergency legislation is the contemporary measure or its ultimate solution. It is that part of the question that I am now asking you to consider. What are the ultimate solutions? One suggestion is that the reconversion of the pound and the other so-called "soft monies" into United States dollars will solve the problem. That, honourable senators, is of course not within our control, and we cannot do a single thing about it.

I wish to call your attention to an article that appeared in the February 14 issue of the publication I quoted from previously, the London *Economist*. This is less than a month ago. I do not entirely agree with the article, but it comes from a most responsible quarter. Here it is:

> Britain faces bankruptcy. That is the real significance of the government's latest White Paper. At last, the British people now know where they stand. In the past two years, they have as a community overspent their income to the extent of £1,000 million and the rate of overspending was almost twice as large in 1947 as in the preceding year. At the present rate of expenditure (which has fallen since its peak last August but now shows signs of settling down at a monthly figure of some £40 million), the remaining reserves of about £600 million in gold, dollars and unexhausted credits may last Britain and the sterling area until midsummer.

I doubt if it will.

The article continues:

> After that, it will just be impossible to buy either the food or the raw materials which are necessary for Britain to eat and work. The spectre of starvation and mass unemployment is now alarmingly close.
>
> To translate the tables and figures of the White Paper into more homely terms, Britain has been living like an improvident family which, failing to make both ends meet, first spends the accumulated capital of the past, then borrows from friends—from American friends, Canadian friends, from South African friends—and when their loans are exhausted, begins to pawn the furniture.

Now honourable senators, those words are not lightly written. They are not my words or those of any Canadian; they are the words of a distinguished authority on economics. I think the picture that is painted is altogether too black, but it is not too black to be faced seriously.

The other day I noticed that Lord Beaverbrook had said that he had confidence in Britain and the British people. We all have. We are very proud of the record of the British people. They can work out their problems if anybody can. We know that the Marshall Plan will help to a certain extent, and we all hope and believe that there will be an ultimate rehabilitation of Europe; but, honourable senators, that will not solve the problem of the dollar shortage.

The suggestion has been made that we should shift our import market and buy where we sell. Well, we have had the British preference, which was some help to us, but it has never solved the problem. We have had the additional preference of sentiment, of family ties and our position in the Empire. But that has not solved the problem. The trouble is that we in Canada, because of our proximity to the United States, have struggled all our

life against nature and geography. If we cannot solve the difficulty by effectively changing our import market, then the only other market to change is the export market. I should not use the word "change", because nobody here wants to change our financial or trade relations with the United States or the United Kingdom. But we could change them in one sense, by adding to our trade with the United States such an amount as would overcome this deficit which, by reason of the abundance of our trade, is bringing us to ruin.

How are we going to bring about this change? We have had some discussion on the Geneva agreements and their relationship to this problem. But, because they will be discussed more fully later, it is not proper for me to deal with them now.

As I see it, honourable senators, there are two things that we should look forward to. I cannot discuss them in detail now, because I have already taken too long. One suggestion that has been made is that there should be new reciprocal arrangements, not with the whole world, but with the United States. I remember that we tried that back in 1911. If honourable senators will permit me, I should like to reminisce for a moment. I remember when Sir Robert Borden made his keynote speech in Halifax thirty-seven years ago. I am sorry that His Honour the Speaker is not in the Chair, because in the 1911 election I went up to Nelson when he was a candidate for the constituency of Kootenay. It covered a tremendous area. There are now two constituencies where formerly there was one. I spoke for Dr. King, as he was then known, who was running as a Liberal candidate supporting reciprocity. Sir Robert Borden in his keynote speech said, "Here are ten million people competing with 110 million people. It cannot be done." I am sure honourable senators will not object to my relating my youthful endeavours to answer that statement. I made use of this illustration. I said: "That is, roughly speaking, ten to one. Let us say, then, there are ten men and one man. Then let us suppose that a Canadian wants to buy a straw hat, and that there are ten Americans with straw hats to sell. Who has the advantage, the Canadian or the Americans? Or let us reverse the situation and say that one Canadian has a straw hat to sell and ten bald-headed Americans want to buy a hat. Who then has the advantage, the Americans or the Canadian?"

Hon. Mr. HAIG: May I ask my honourable friend what effect that story had on the election?

Hon. Mr. FARRIS: The tragedy is that it had no effect.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: But Dr. King was elected.

Hon. Mr. FARRIS: What I am suggesting to honourable senators is that hindsight is better than foresight; that we should take advantage of the hindsight gained from that situation and make it foresight for the present one.

It is suggested that there is great danger connected with these trade arrangements with the United States; that after we get our factories set up and the business going nicely there will be a change of government over there and these arrangements will be withdrawn and we will be left stranded. I have two or three answers to that suggestion. In the first place, I do not think that fear—looking around the corner for the bogy-man—is the basis on which this enterprising country should carry on its trade relations. I think that if we had concerned ourselves, not with prophecy but with what would have happened, that reciprocity treaty between Canada and the United States would have brought us such an era of prosperity that we could stand on our own feet regardless of any temporary setback.

In dealing with reciprocity agreements I would point out that they cut both ways. If we are able to build up a substantial industry in this country by trading with the United States, it means we have satisfied customers over there who buy our goods; and the more that situation develops and grows, the less likely the Americans are to want to make a change of policy for political reasons. Honourable senators, let us face realities. It is better to export goods to the United States than to export brains.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: That is one of the sad and serious facts that confronts us in this country at the present time. The only way to resist the dominating influence of the United States is to be strong. We are talking now of physical things. The only way to be strong in that sense is to make trade prosperous. So much for the agreements.

Now I am going to suggest some things which we can do at home to bring in American dollars. One is to develop the tourist trade. We have an unlimited market, an unlimited product, and goods of unrivalled quality. We, a handful of people spread over half a continent, can offer every tourist inducement to the 140 million people at our doors. They are the best spenders in the world, and there are no other people they like as well as Canadians. I have said that we possess every

inducement. That is not correct. There are some powerful inducements which we ought to attend to, and very quickly. First among these are our automobile highways. I suggest to honourable members, not without diffidence, but with a real confidence, that a trans-Canada highway of the kind which Americans will find as easy to travel on as their own, and excelling their own in scenic attraction, under climatic conditions which for a part of the year are far better than theirs, is a work—to quote from the British North America Act—"for the general advantage of Canada". I believe that no constructive endeavour which this country can make, without a drain upon our resources, would bring in more American dollars than the construction of that kind of a highway, coupled with provincial and international feeders, so that at strategic points in every province there would be highways which of themselves would invite the United States tourist.

The cost? Well, I did some figuring today—I am pretty good at figuring when there is nobody to check me—and I estimate that the very outside cost of providing ourselves with a real highway would be $250 million. If I had mentioned that figure in the days when we used to talk in millions, I would have been laughed out of court. But today we have outgrown millions; we think only in billions. We have loaned billions to Great Britain: I do not recall the exact figures. Three or four years ago I had the opportunity of making a speech on a loan of a billion dollars in assets to Britain. I do not criticize that loan; I believe it was a good thing. Very recently we loaned another billion dollars to Great Britain. Those loans were not founded solely on sentiment; we justified them to our people on the ground that out of the credit created by the loans we were going to do business. At the price of one-quarter of one of those loans we could bring into this country millions that can hardly be estimated.

Another thing we in Canada lack is the kind of country hotel that attracts tourists. In our large cities there are as fine hotels as are to be found anywhere in the world; but there should be an organized endeavour to furnish, not taverns—the taverns will take care of themselves—but hotels of a class which will appeal to the tourist. I might quote a high authority, very close to me, who has published articles on this matter; but for the time being I merely mention it as one of the things we should be thinking about as the outcome of this emergency legislation.

One or two other references to industrial activities, and I will conclude. The extent to which our natural resources are going to the United States is increasingly a matter of comment, and one to which this government, and indeed people of all parties, are alive. We must apply our energies to the end that, so far as possible, our natural products which are required by our neighbours shall get to them in manufactured form, not mainly in natural form. We must equip ourselves to manufacture according to the requirements of our customers. We boast that during the recent war Canada proved herself to be an industrial country second to none. That is true; she did. But remember, during the war price was no consideration; the dollar did not count; the demand was to "turn out the goods". The post-war problem is one of competitive trade, and must be considered on an entirely different basis. We must equip ourselves to compete with our neighbours in their own markets, and before that will be accomplished we shall need to take very serious stock of ourselves. There are home truths which every one of us knows but which, because of their very familiarity, are overlooked.

Canada as an export country cannot prosper except on a competitive basis, which means producing a good article at a reasonable price. This can be accomplished only by three ways. The first is through industrial efficiency, which involves both management and labour, and provides reasonable profits and gives a day's work for a day's pay. There can be no industrial efficiency except through intelligent co-operation between employers and employees. I say in all seriousness that the time has come when labour should call a halt to strikes. By that I do not mean that they should cease to assert their legitimate rights, but they should take stock of where we in this country are going, and ask themselves what will happen if we defeat our own ends. Mark you, there are a lot of people in this country who want to see that happen. I hope there are not too many of them. There are men preaching the gospel of discontent, in the firm hope and expectation that conditions in this country will become such that men will turn to them and accept their nefarious proposals.

There have been too many strikes in Canada. Many of them were illegal; most of them were unnecessary. The same results could have been obtained through intelligent negotiation in a spirit of give and take. That remark is directed not alone to the men or to the employers, but to both. We in British Columbia have a new labour law which entitles men to take a strike vote in secret. It is an amazing fact that, fostered by agitators in the unions, opposition has developed to legislation which is completely in the interests

of the men. Why? For only one reason: the fear that if these men have the right to vote as they honestly think, their leaders will lose some of their control. I hope the day will never come when British Columbia will repeal that legislation.

We hear a lot about social security, and we boast a good deal about our advances in that field. All of us are proud of it. But in the last analysis social security depends on financial security, and financial security is not the outcome of 'isms or ideologies, or any socialistic policy of "dividing the wealth". Wherever that sort of thing is tried it ends, not in dividing the wealth, but in dividing poverty. If private motive and incentive for competition are destroyed, what happens? Everyone knows that without incentive and the spirit of competition there can be no progress and advancement in the world. The lessons taught by the Socialist government in the United Kingdom at the present time bring this point home. Its government has too long concerned itself with shibboleths and ideologies. But today Sir Stafford Cripps and the newspapers are telling the people that Great Britain is facing actual disaster. Sir Stafford Cripps has not told his people he is going to solve the problem by more socialism; within the last week he has told them that they will starve unless they produce and export more goods. He has said that the only way this can be done is by work and more work, and by co-operation and efficiency. That is the position in Great Britain. Our position is not comparable with theirs in our form of government, nor is it comparable in other ways. The word "austerity" is a misnomer when applied to any legislation in this country. I am glad to see that the government does not use it. There is no reason for austerity in this country, but I am sure—and I think my honourable friend who is smiling at me (Hon. Mr. Duff) will agree—there is reason for apprehension. There is a danger that our people, looking too much for what the government can do for them, will lose the sterling qualities of self-discipline and self-reliance which made our fathers great in the past and helped them to create for us a glorious heritage. We must face these issues —not only our international problems but also our domestic problems—with the firm resolve to carry on the torch of liberty and the torch of free enterprise and industrial freedom, so that somewhere out of the darkness will come the light of a new prosperity.

Some Hon. SENATORS: Hear, hear.

On the motion of Hon. Mr. Haig the debate was adjourned.

FARM IMPROVEMENT LOANS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 114, an Act to amend the Farm Improvement Loans Act, 1944.

He said: Honourable senators, the main purpose of this bill is to extend the present Farm Improvement Loans Act for a further period of three years, on the same basis as the present Act. These loans are the result of legislation that was passed to make it possible for farmers to secure at a reasonable rate of interest loans of a more or less temporary nature, which otherwise might not have been available to them. The loans are made by the chartered banks, which are guaranteed against loss up to 10 per cent of the aggregate principal amount loaned by each bank. In the past the average farmer has not always been able to get bank credit for improving or developing his farm. Under this Act he could borrow amounts up to $3,000 for periods up to ten years, at 5 per cent simple interest. The liability of the government was limited to an aggregate principal amount of $250 million in loans made by all banks over a three-year period. I think this was largely due to the fact that there was a period of relative prosperity on the part of the farming community, and the opportunity was not taken advantage of to as great an extent as might have been expected.

Between March 1, 1945, when the Act became operative, and December 31, 1947, 39,387 loans have been made, to a total value of $31,423,129.23. Half of that total amount has already been repaid. The director advises me that in the first three years of operation, which terminated at the end of February, there have been no cases of default which required repayment by the government to the banks. I think the traditional honesty, willingness and thrift of the agricultural community and the general conditions of prosperity which have existed, account for this excellent record and the slight extent to which loans have been availed of.

The effect of the first amendment will be to close off the old pool of loans at the end of February and to extend the power for a further period of three years. It is calculated that by that time, the total amount of loans, on the original face value, will be $35 millions. Therefore, the total outstanding liability which will be carried over to the next three-year period will be the difference between the original $250 million and the $35 million loaned in the past three years. The Minister of Finance will pay the banks for all losses

incurred on these loans provided they do not exceed 10 per cent of the total eligible loans made by the bank.

Honourable senators, I repeat that the liability of the government is limited to 10 per cent of the aggregate loans that were made from time to time; and as I have already indicated, up to the present time there have been no cases of default. This will leave a pool of approximately $215 million which may be loaned under the act during the next three years, under the same guarantee as in the past.

The second amendment made by this bill extends the type of security which may be taken. It enables the banks to take a mortgage on the construction, repair alteration of or addition to any farm building or structure. Heretofore, the bank could take this type of security only when the loan principal exceeded $2,000, and was for more than a five-year period. Apparently it has been the practice, if any specific security was given, to take it in the form of farm implements or equipment of that type. The amendment makes it possible for farmers who, for one reason or another, cannot give farm implement security, to obtain loans on mortgage security. This will enable many farmers to take advantage of the act who formerly were excluded because they did not own much in the way of farm implements.

This is largely an extension existing legislation for the next three years. If any honourable senators would like to have further information than I have been able to give, I shall be glad to move that the bill be referred to the Banking and Commerce Committee, which will be meeting tomorrow morning, and I shall undertake to see that the appropriate officials are present to answer questions.

Hon. Mr. HAIG: I certainly have no objection to the bill, nor do I think it should go to committee. I know it is out of order for me to refer to what was said on another bill, but perhaps I may be allowed to remind the house that the honourable gentleman from Vancouver South (Hon. Mr. Farris) suggested this afternoon an expenditure of $250 million on roads. Well, I do not think we should object to spending $250 million on behalf of the farmers of Canada.

The motion was agreed to, and the bill was read the second time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 10, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EXPORT AND IMPORT PERMITS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill U3, an Act to amend the Export and Import Permits Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 18, 1948, examined the said bill and now beg leave to report the same with the following amendment:

Page 1, lines 14 to 16, both inclusive. Delete clause 14 and substitute therefor the following:

14. This Act shall expire on the thirty-first day of March, nineteen hundred and fifty.

The Hon. the SPEAKER: Honourable senators, when shall this report be considered?

Hon. Mr. BEAUREGARD: Tomorrow.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill G2, an Act to incorporate Rinker Finance Corporation.

He said: Honourable senators, your committee have, in obedience to the order of reference of February 16, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. BEAUREGARD: Now.

The motion was agreed to, and the bill was read the third time, and passed.

STANDING COMMITTEES

ADDITION TO PERSONNEL

Hon. Mr. ROBERTSON moved:

1. That the name of the Honourable Senator Turgeon be added to the list of senators serving on the Standing Committee on Immigration and Labour.

2. That the names of the Honourable Senators Beaubien (St. Jean Baptiste), Howard and Vien be added to the list of senators serving on the Standing Committee on Transport and Communications.

3. That the name of the Honourable Senator Beaubien (St. Jean Baptiste) be added to the list of senators serving on the Standing Commitee on Banking and Commerce.

The motion was agreed to.

FARM IMPROVEMENT LOANS BILL

THIRD READING

Hon. Mr. ROBERTSON moved third reading of Bill 114, an Act to amend the Farm Improvement Loans Act, 1944.

The motion was agreed to, and the bill was read the third time, and passed.

EMERGENCY EXCHANGE CONSERVATION BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Farris for the second reading of Bill 3, an Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources.

Hon. JOHN T. HAIG: By way of aside, I may say that I have always been used to addressing the Speaker, and it is hard for me to get out of the habit of directing my remarks to him. So if occasionally I turn away from you, honourable senators, it is because old habits get the best of me, not that I wish to ignore you.

The causes of this bill were inevitable. During the war we in Canada had done a great deal of manufacturing, of spending, of selling; we had made large gifts to the world, thereby piling up a great load of debt. Following the war we were influenced by a queer mentality; it was very hard, not only for the government but for all of us, to overcome the habits that we had fallen into. However, by the beginning of 1946 we were back on our own, and some of us on this side of the house ventured to suggest that we were going too fast, that we were spending beyond our capacity. I well remember that at that time certain honourable senators now within the sound of my voice reproached me for being a pessimist; they told me that I was talking nonsense, that there was no ground for these warnings, that the world was all right, Canada was going along fine, and that prosperity would last forever, or certainly as long as the present government remained in power.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. HAIG: What happened? By July 1946 our money was so depreciated in relation to the American dollar that we had to pay $1.11 for a United States dollar, and American money could be exchanged here at the rate of $1.10 per Canadian dollar. In a moment I shall revert to that matter.

It has long been a puzzle to me how honourable gentlemen opposite, who belong to the Liberal party, can take any pleasure in such a measure as Bill No. 3. One can understand that, were a dyed-in-the-wool old-Tory government in power, it might try to put through a bill like this; but it is a mystery to me how such a measure can be acceptable to Liberals, led by such men as my honourable friend from the Maritime provinces (Hon. Mr. Robertson), the senator from Churchill (Hon. Mr. Crerar), the junior member from Vancouver (Hon. Mr. Mackenzie) and the member from Queen's-Lunenburg (Hon. Mr. Kinley). I say nothing about the members from Quebec and Ontario; but what is the explanation of the attitude of the honourable senators I have referred to? Ever since I have been connected with politics these gentlemen have told us that the Liberal party stands for freedom of trade. Yet since confederation there has never been a measure more adverse to free trade than the present bill. It provides for a 25 per cent excise duty on imported goods; it absolutely prohibits the importation of certain goods and places still others under quotas, and it provides that certain classes may only be imported by permission of the Minister of Transport. I am not to be understood in this connection as attacking the minister; probably, were I in his place, I would do as he does; but it is astonishing to find a Liberal government promoting legislation under which goods may be brought in only by the grace of God and the signature of the minister. If the late Sir Wilfrid Laurier knows what is going on in this country, I can well believe that he must turn over in his last resting place and say, "Surely these are not the people whom I left in control of the affairs of Canada when I passed on."

Hon. Mr. MURDOCK: Do you not admit that self-preservation is the first law of nature?

Hon. Mr. HAIG: I thought that only applied to the Tory party.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I did not know that it also applied to the Liberal party. I am very glad to learn that it does.

Honourable senators, if there ever was a travesty of Liberalism, this bill is the absolute acme of it.

I apologize to the member from Waterloo (Hon. Mr. Euler) for not mentioning him when I was picking out those whose support of the bill I cannot understand.

Hon. Mr. EULER: Was my honourable friend (Hon. Mr. Haig) thinking of oleomargarine?

Hon. Mr. HAIG: I am a Tory and would not be expected to think of it. I could understand my honourable friends on this side from Quebec, Ontario, and the Maritime Province doing that kind of thing, but I honestly cannot quite understand my friend from Waterloo doing it.

Hon. Mr. EULER: May I ask the honourable senator a question? What, exactly, is he accusing the member from Waterloo of doing?

Hon. Mr. HAIG: Of supporting a measure which is the most hostile to freedom that I have ever heard of.

Hon. Mr. EULER: I have not done so yet.

Hon. Mr. HAIG: I am glad to hear that; I still have some hope then. However, I wish to warn my friend that he will be on record when the motion for second reading is put.

Hon. Mr. EULER: You are on record on other matters.

Hon. Mr. HAIG: Yes, but this is a matter of government policy.

It is now my purpose to give some of the causes of the present situation. The honourable member for Vancouver South (Hon. Mr. Farris) made a very able speech yesterday, but I do not agree with some of the points he put forward, nor do I think he should have raised others, because in my opinion they added nothing to the debate. However, I heartily agree with his statement that unless Canada produces more goods there will not be much hope of this or any other legislation pulling Canada out of its difficulties.

I should now like to point out two or three things that the government has done. In July 1946—it may have been June 1946; I shall stand corrected if I am wrong—the government put the Canadian dollar back at par. The honourable member from Vancouver South read what the Minister of Finance said in another place to defend that action. Regardless of what the Minister of Finance says, I do not believe the Canadian people feel that what was done should have been done.

If our money was still at a 10 per cent discount, or there was a 10 per cent premium on American money, I believe the Americans would come over here as tourists and spend

their money on Canadian goods. They are selfish, like the rest of us, and if they see a chance to make a 10 per cent profit, they will take advantage of it. Let me illustrate this point. In August 1946 a Canadian farmer wanted to buy approximately a thousand acres of land owned by an American. The American offered to sell for $27,000 in American money. The farmer came to me and said, "What shall I do?" I told him to go to the bank and get American funds. He got the $27,000. But the land was worth $30,000 in Canadian funds. That is what happens. If our money had been at par with the American dollar that money would never have gone to the United States.

What happened to all the commodities we sold? We could put up the price on pulpwood, and the Americans would still buy it; but we cannot increase the price of gold, because the Americans pay only $35 an ounce for it. Putting our dollar back on a par with the American dollar was the first mistake the government made, regardless of what the minister said, and I venture to say that in their inner hearts the government of this country have regretted that move more than any other that has been made in the last ten years.

Now, what has happened? My honourable friend said that in 1947 we had the greatest trade that this country has ever known, and yet, so far as American exchange is concerned, that we were in a state of bankruptcy—I use my own word for it, rather than his—or at least that we would run into bankruptcy if we kept on in the same way. Well, some of us on this side of the house, including myself, warned that we would run into some such difficulty if we continued to sell to Europe on credit, as we were doing. In fact, we were not even selling on credit, but were making gifts to Europe, and I am not objecting to that. But it was clear to me, as it must have been to every member of this house, where that system was bound to lead us, because among the goods we sold in the non-American market—aside from natural products—there were sure to be some that we could have sold in the United States, and to that extent our American dollars were reduced.

I have never been able to find out from the government—and here I criticize the Minister of Finance and his officials—why the people of Canada should not know how much we have got in the form of United States dollars and gold. Why should that knowledge have been kept secret from members of parliament ever since 1946? We were given little dribs of information. The honourable gentleman quoted yesterday some figures presented before our Banking and Commerce Committee in 1946 by Mr. Graham Towers, but they were general figures that did not enlighten us in any detail as to how our money was running out. The late Senator McGeer challenged those figures several times in this house, but he was not able to get any further information. Today we still have only general hints as to what our position is. Why cannot the people of Canada be trusted in this matter?

I should like to know how much we lost in gold and U.S. currency between January 1, 1946 and the time when our dollar was placed on a par with the United States dollar. I venture to suggest that our losses grew twice as fast after the 10 per cent discount on our money was discontinued. That is to say, I suggest that from the 1st of January to the end of June 1946 our loss of United States currency and gold was very small, but that as soon as our money was placed at par the losses increased at double the former rate, and so continued for the next six months. Further, I will suggest that during 1947 the loss was five times as great. I challenge any member to get the figures from the government—though I doubt if anyone can get them—and see if my statement is not correct.

That situation was bound to develop. To realize that, you only needed to be present in our Banking and Commerce Committee in August 1946, when Mr. Graham Towers—a very able and efficient servant of this country—expressed the opinion that our surplus might be decreased by $600 million in one year. As we now know, the decrease was a good deal more than that. Our loss was worse than indicated by the figures which the honourable gentleman gave us yesterday, because they did not include the United States currency that we got from Great Britain and other countries in 1946 and 1947, which was considerable. In other words, our loss of American currency during the eleven months of 1947 was not $750 million, but probably close to $1 billion.

I come now to my chief point of criticism against this government. For some time there has been sitting in another place a committee investigating the prices of various articles of food, including bread. Some companies sell a loaf at ten cents, and others sell it at 13 cents. I am not sure just what the weight of the loaf is.

Hon. Mr. CAMPBELL: Twenty-four ounces.

Hon. Mr. HAIG: Anybody who comes from Manitoba, Saskatchewan or Alberta knows that we are selling the wheat that goes into the making of flour for that bread at $1.55 a bushel. The right price is twice that, and therefore the price of bread should be higher. But we have refused to allow our farmers to sell their products in the highest market, and a similar

restriction has been placed upon our lumbermen and our fishermen. Right now the Geneva agreements permit the sale of 800,000 Canadian cattle annually in the United States; but the government will not allow us to send cattle there.

Hon. Mr. ROBINSON: The figure under the Geneva agreements is 400,000.

Hon. Mr. HAIG: I thought it was 800,000.

Hon. Mr. JOHNSTON: No, it is 400,000.

Hon. Mr. HAIG: All right. But the government will not let us ship them. Why? The reason given is that if we sold that number of cattle to the United States we could not carry out our agreement with the British government. But why should the rancher and the farmer have to pay the shot? We could get badly needed American dollars by selling cattle in the United States; yet we are not allowed to do so. Furthermore, why should we not sell all our other products on the American market if we wish to? For the last three or four years the price of oats and barley across the international line has been much higher than in Canada. I think that was true of flax also until this year, when the price was guaranteed by the government. Manitoba produced last year 200,000 bushels of flax more than was produced in all the rest of Canada. You can figure what our production was when I say that the total production in Canada was five and a half million bushels.

Now why should the government protest that we have a shortage of American exchange when they refuse to let us sell our commodities on the American market, where we could get higher prices than we are able to get in Canada? I have read the reports of debates in another place, and I have been unable to find any answer to that question. In the newspapers I have seen it stated that if we were allowed to sell in the United States our natural products of the farm, the forest, the mine and the sea, the higher prices paid for those products would result in an increase in the cost of living in Canada and lead to further inflation. Well, why should the farmers and our other primary producers protect the rest of us from inflation?

Hon. A. L. BEAUBIEN: My honourable friend knows that American rye was sold in western Canada.

Hon. Mr. HAIG: Yes, a very small quantity. But we have not been allowed to sell our oats, barley and wheat across the line. We could get $3.30 a bushel in American funds for our wheat on the United States market.

Hon. Mr. CAMPBELL: What would the duty be?

Hon. Mr. HAIG: It is 42 cents a bushel, so there would still be a net of about $2.85, instead of the $1.55 which our farmers are getting now for the largest part of their crop. Last year the crop in western Canada was about 330 million bushels. Of that amount, about 160 million bushels will go to Great Britain at $1.55, and 100 million will be used for food, seeding and other purposes in Canada. That leaves 60 or 70 million bushels that we could sell abroad at $3.30 a bushel.

Hon. Mr. JOHNSTON: My honourable friend knows that $1.55 is not all that the western producer will get for his wheat.

Hon. Mr. HAIG: Yes, but that is all he gets for 160 million bushels sold to Britain and 100 million bushels sold in Canada. The surplus of 60 million bushels could be sold abroad for $3.30 a bushel. I challenge my friend to contradict that statement.

There are three fundamental causes which drove us into our present predicament. First, we lent or sold too much of our goods on credit and used United States currency to buy part of the ingredients that went into those goods. Second, we cut down the flow of American money coming into Canada by way of the tourist trade or investments in this country. Third, we refused to allow our natural products to flow to the American markets.

I am as much opposed as the honourable member from Vancouver South (Hon. Mr. Farris) to making a deal with the Americans. My memory goes back quite a distance, and I have read in history of the ten-year period when we had a reciprocity agreement with the United States government. During that time Canada, for the most part—Ontario, Quebec and the maritime provinces—was very prosperous. Then the agreement was done away with, and for quite a while we were in the dumps. That situation was really what brought about confederation. I was one of those opposed to the reciprocity agreement in 1911, and a great many of my friends throughout Canada took the same stand. Nevertheless, it must be said that when we sell on the open market we are not bound by any restrictions at all; we can sell our goods in the United States if we like.

Now may I say a word or two about the cure for our troubles? I listened yesterday to the speech of my honourable friend from Vancouver South, and I must say candidly that he is a very able lawyer. He talked very little about the bill and a great deal about building roads across Canada, doing away with strikes, and having everybody work hard and produce more goods. I must admit that his

tactics were good. I admire his strategy, and would like to be as skilful myself. But throughout his speech I heard nothing of how we could get out of our present troubles.

I am convinced by the argument presented by the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), and I acknowledge his contribution towards the solution of our difficulties. He said that the world must come to the point where currencies have the same freedom to find their own levels of value that other things have. Honourable senators may ask what about the International Monetary Fund? Well, France dealt with that organization. She hit it right between the eyes, and there was no kickback; in fact, the bank is going all out to help France as much as it can, and it would do the same for us. That is my first point—that we should let currency find its own level of exchange.

I agree entirely with what my honourable friend from Vancouver South said about controls. One can justify any control he likes, provided he gets to the people who benefit by it. Why, I can justify rent control any time, because there are a thousand renters to one owner. I can justify control of butter, because there are ten thousand consumers to one producer.

Hon. Mr. EULER: You are making my argument.

Hon. Mr. HAIG: If a country is to go any place it must have freedom from controls. Today Great Britain has the acme of control. That situation has been brought about by the socialists there, and the socialists in Canada are saying, "Give us controls and we will save this country; we will plan it for you." Well, they have a planned economy in England and, as my honourable friend said yesterday, Sir Stafford Cripps is a czar; his word is law. Do we want a similar situation in Canada? I do not think so.

I am not too closely comparing our situation with that of Great Britain, because I realize what that country has gone through. I know that she has exhausted her foreign investments and has lost her shipping. I know also that she has stood between us and tyranny, and I as a Canadian am only too willing to help her. I agree with the honourable senator from Kennebec (Hon. Mr. Vaillancourt) when he refers to the great market over there; but the fact remains that the philosophy of this country is very much one of freedom.

I should like to give an illustration of what a certain class of workman is doing today, and I am sorry that my honourable friend from Blaine Lake (Hon. Mr. Horner) is not in his place to hear it. Two brothers in Ontario, by cutting and hauling pulpwood to the market, in the past four months, each earned $2,500 net, after deducting income tax. Then they said, "That is enough for us, we are going home." But that is not good enough for this country; that is the wrong thing to do. I say that if those men have the ability to make that much money in so short a time, we should let them make more. Our system of income tax is striking at and curtailing the productive ability of our people. That situation has to be remedied.

I agree with my honourable friend from Vancouver South (Hon. Mr. Farris) that we must tell the ordinary producers in this country—with the same good will with which we would advise the boys and girls in our household—that there is no royal road to wealth; that the only way to succeed is by hard work and production. If we accept Bible history as true, we must believe what was told to those who were turned out of the Garden of Eden, that man must earn his bread by the sweat of his brow. I believe that anyone in any country who operates on any other basis will end in disaster.

There is no use telling men that they must work only forty hours per week. Within our national economy they have to produce sufficient volume to justify what they receive in return for that forty hours work. That is the crux of the whole problem. If my farmer friends from St. Jean Baptiste (Hon. Mr. Beaubien), Central Saskatchewan (Hon. Mr. Johnston) and Blaine Lake (Hon. Mr. Horner), have to work seventy hours a week to earn as much as a man in some other employment earns in forty hours, the economy of our country cannot stand up against such discrimination. That is the reason for the number of people who are unemployed today. I am told there are 20,000 unemployed in Vancouver, 20,000 in Winnipeg, at least 10,000 in Montreal and 4,000 in Halifax. Yet, in spite of all that unemployment, new people are coming into this country because our own people have adopted the philosophy that a man or a woman in this country is expected to work only forty hours a week in order to enjoy the same standard of living as the man who works seventy hours. During the past five or six years, when so many men were out on strike, the government was at fault in failing to tell them that to have their share of the income of this country they must produce to the value of that income.

I ask honourable senators why the boys, especially in my province, are leaving the farms to go to the cities? I believe the reason is that there is a chance for easier living in the cities. These boys do not take into consideration the 20,000 unemployed in Van-

couver and the same number in Winnipeg; they only consider those who are employed. One who comes from a small village, as I did, knows that the village people point only to those who left the village, went to the city, and did well; they forget about those who migrated to the city and almost starved to death.

Our whole philosophy with respect to wages and labour has to change. No country can succeed without the labouring man, and no one wants him to get less than the full value for his labour. No city can succeed with only businessmen in it; it must have the common people. At the same time people should learn that only by hard work and attention to duty can one get on in the world.

During the last four or five years the government has been too lax in dealing with problems of labour. Labour leaders—I do not refer to the rank and file—should be told that the national economy produces so much in a year, and that labour is entitled to its share, but no more than its share. We hear complaints about profits. But profits account for only a very small part of the total turn-over. Take the case of meat: a strike last fall increased the costs, and up went prices. It is said that profits increased. When the packers get more for the same quantity of products, naturally there are more profits.

I am sure that conditions will not be improved as a result of this bill. Yesterday an honourable senator said that there was no slowing up of manufacturing. It is true that there are in Canada reserves of American supplies which will probably last another six to eight months, but when these are used up we shall again be faced with the problems of unemployment.

Let me give an illustration of how restriction operates. In doing so I cast no reflection upon the Minister of Finance, whom—to speak candidly—I like personally, and who I believe is sweeping aside red tape, and trying to do a good job. A Manitoba business man wanted to import goods of the value of $650 in connection with a contract which was worth $20,000 to a Canadian firm. The officials at Winnipeg would not permit the goods to be brought in. Luckily, our Minister of Finance is not without brains; he ruled that they should come in, and the Winnipeg company got the $20,000 contract. This is but the sort of case—they may run into the hundreds—which will be affected by these regulations.

For these reasons, honourable senators, I do not believe that this bill will do any good. It may conserve a little money, but the situation demands more drastic remedies. The government will have to reverse its stand on the exchange question. It will have to encourage the selling of our products in the United States or any other country which has the hard currency to buy them. It will have to tell our producers, especially in the cities and larger towns, "Payment for your production will be proportioned to your contribution to production as a whole."

If these three principles are put into effect, our country will come back to conditions of prosperity. Probably it will come back anyway, but a lot of time and money will be saved by prompt action.

In the international field we are facing a desperate situation. With the remarks recently made by an honourable senator about Russian policies I entirely agree. The world is as badly upset today as it was in 1938. We face a more subtle enemy than we did then, an enemy who gnaws at our vitals from the inside, whose emissaries enter our country and try to undo us. The national power must be strengthened; but drastic, indeed prohibitory, legislation of this kind is not in my opinion the right way to attack the problem. I believe the suggestions I have made this afternoon if followed are more likely to help Canada to get going again.

Hon. SALTER A. HAYDEN: On an occasion like this, when we are dealing with a bill which proposes some unusual things and marks a departure from what I have always been prepared to accept as true Liberal policy, I feel that I must say a few words. I do not want honourable senators to misunderstand me. I am not, under the circumstances, opposing the bill.

As the honourable leader of the opposition (Hon. Mr. Haig) was speaking, I could not help feeling that sometimes necessity makes strange bedfellows. My honourable friend was chiding the Liberals for doing something which he quite readily agreed the Tories might do. I find that attitude difficult to understand; for if at last, under the stress of circumstance, the Liberals are coming round to the Tory way of thinking, I should have supposed, since our political thought seems to be getting more uniform, that my honourable friend would have been happier than he appears to be.

I am not happy about the kind of legislation which Bill 3 proposes, because I am too firm a believer in the freedoms which we Canadians regard as part of our heritage. I realize, however, that there are many things which I cannot help and which Canada cannot help, and that we, having got into a war in which we could not avoid being involved, had to adapt ourselves to the demand of war-time conditions, and meet them by methods

of legislation and regulations which ordinarily would considerably shock persons who had any Liberal views. But necessity, which makes strange bedfellows, also makes for hard, unusual and disagreeable laws and regulations. So we have this bill. I for one am not happy about it, yet I think we must accept it as necessary under the circumstances with which we are threatened. Our position is much the same as that of a man who, having lived for years on an annual income of $10,000 and acquired certain standards and ways of living, suddenly finds his income reduced by 40 or 50 per cent. Whether he wants to or not, whether he is happy about it or whether he finds it disagreeable, he is compelled to adjust his way of living to his more limited means. This is analogous to the position which confronts us with relation to available sources and supplies of United States dollars, and however we feel about it we have to make the best of it and spend within our means.

The bill is intended to set up a kind of planned economy. To that principle we Liberals have been opposed, and I believe our views on this matter are shared by the honourable senator opposite who has just spoken. We dislike the limitations and restrictions which are involved in a planned economy.

Hon. Mr. HAIG: I apologize to my honourable friend if I did not make it clear that those are my views.

Hon. Mr. HAYDEN: Our only grounds for hopefulness are, first, that the measure will be administered by those who have the real Liberal viewpoint; and, second, that it is to be no more than a temporary expedient. We would not be prepared to subscribe to a measure of this kind if we believed that it would be in operation for all time to come. We accept it as a means of dealing with the situation which exists at the moment. Everywhere in the world there is disorder. Nowhere else are conditions such as to give any assurance that we can move forward in the freedom we knew before the war. Faced, therefore, with these difficulties, harassed with so many uncertainties, we must advance with caution and protect ourselves on all sides. That is the purpose of this bill. It contains three schedules, describing various types of goods which may be subject either to prohibition, to quota or to permits. But the bill also provides that in the discretion of the minister, and by regulation, goods may pass from Schedule I to Schedule II, and from Schedule II to Schedule III, and goods not in the schedules may be substituted for goods which are at present in the schedules. So there is absolute, free and unfettered power in the administration to deal with the economic situation from time to time as conditions may require.

There are one or two things in this bill to which I should direct attention. The first is that the bill comes into force by proclamation. We are actually operating under it at the present time, and I think, therefore, that we shall have to determine in committee whether it is necessary to give retroactive effect to the bill in order to legalize what has gone on. This bill also expires on proclamation, and so far as this chamber is concerned, I do not think it is a very satisfactory way of leaving any legislation. Parliament as well as this chamber should be left with some measure of control, and should know that at some date there will be an opportunity to review the measure. There should be an end to the road for this legislation, a time when we can consider and weigh all that has been done and decide whether it is necessary to continue it. I regard this as an important point in the consideration of this bill by the senate.

There are one or two other matters I wish to discuss before I sit down. I must offer my congratulations to the honourable senator from Vancouver South (Hon. Mr. Farris) who explained this bill yesterday. I do not mind repeating publicly what I told him yesterday. I simply said that every time he speaks my admiration of what he says and the manner in which he says it grows more and more.

I was a little amused today at my honourable friend, the leader of the opposition (Hon. Mr. Haig) when he referred to some of the so-called solutions that were propounded yesterday. One solution had to do with a Trans-Canada highway. Knowing the great love my honourable friend has for his native city of Winnipeg, I could not help wondering whether his criticism did not stem from the fact that yesterday's speech advocated a Trans-Canada highway instead of a system of roads leading from all directions to the city of Winnipeg.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAYDEN: I cannot agree with the suggestion that the depreciation of Canadian currency is the solution of this problem, and that if we had not restored our dollar parity in July 1946 we would not be faced with the present situation. I must qualify my remarks by saying that the restoration of our dollar parity in July 1946 did a tremendous amount of damage to the gold mining industry in Canada, and I realize that to date there

has not been sufficient correction of this situation. However, having regard to all the consequences of the action taken, I think the course followed by the government was perfectly justified. Yet I must say that the world-wide situation being what it is, with other countries entering into the field of currency depreciation as a method of pushing themselves forward and extending their export trade, we may shortly find ourselves in the position of having to depreciate our currency in order to maintain some kind of equilibrium with other countries of the world.

This is not a question about which we can be doctrinal or dogmatic, or about which we can say that it is the right or wrong thing to do, because we may have to review and revise our recommendations. Having regard to the picture which is changing every minute and every hour of the day, we have got to be in a position to adjust our sights and revise our determinations according to the best interests of Canada. I am not prepared to be as dogmatic as my honourable friend the leader of the opposition, and say that it was a bad thing to restore our dollar parity in July 1946. Neither am I prepared to say that the Canadian people went on a spending spree just because the Canadian dollar was restored to parity. I do not think they did. There was a bottled-up demand, built up not only during the period of the war but many years prior to it. During the war a great demand was made upon our manufacturing facilities, and the natural thing to do, as soon as possible after the war, was to restore our equipment and capital goods to a position where we could face the future with the latest and best. Everybody rushed to do that, and I think the great increase in the spending of United States dollars resulted from the efforts to replace and rehabilitate Canadian industry, and to purchase the capital goods necessary for expansion incidental thereto.

Had we not restored our dollar to parity at that time we would have contributed to an increased cost of the things we needed, and to the extent that we needed them and bought them, the laid-down price to the people of Canada would have been that much greater. The alternative would have been to permit the dollar to remain where it was and to subsidize these things to the extent of the exchange requirement, and then, through general taxation of the people of Canada, to get the money to take care of the situation.

Suggestions have been made for the removal of all control and restraint. I am always satisfied to enter into a contest or a fight so long as I know that either there are rules, or that there are none. If there are rules, I want to know what they are; and if there are no rules, I proceed to take care of myself. If I were to find that all countries have their own rules and regulations regarding control and restraint, I would be a very foolish person if I did not take measures to protect myself economically. Therefore, if some method of foreign exchange and import control is necessary for the protection of Canada's economy, and we let our currency seek its own level, the answer might be that it would soon drop to such a level that we could not afford to bring in anything because we would not have the currency, acceptable on any basis, to pay the price of what we wanted to import. Thus we might be limited to whatever United States dollars we could pick up on our own export market. That is the alternative situation.

I like to feel at all times that I am free, within the law, to do what I want in business. But having regard to the greatest good to the greatest number, and to the over-all picture of our way of life, on the basis that Canada is going to be here today and tomorrow and next year, I recognize that we have got to take measures that are designed to that end and not for the immediate purpose of the moment, unless they are necessary to preserve our present position. For that reason I cannot support the view that the solution would be to let our dollar seek its own level, and that we adjust ourselves accordingly, and take what we can get.

I am not prepared to accept that solution as being a true and sound principle in the administration of Canadian affairs at this time; I think it would be wrong, and would have a disastrous effect on our Canadian economy. Honourable senators, we must remember that this is a question of whether we want to be a "lone ranger" or wish to pull with our neighbours all over the world. Apparently the way in which we are going to carry on as neighbours is by a method of contact, communication and agreement. If we are going to place our economy in such a position that we are going to do what is best for us all the time and refuse to enter into compromise, sooner or later we are going to run into difficulty. So far as individuals are concerned, life is a matter of compromise, and dealings between nations are more and more becoming matters of compromise. Unfortunately, when we have not been able to compromise and have taken a position from which we would not recede, the inevitable result has been war.

I have digressed a little, and I now come back to one further observation. I quite agree with the statement that many of our difficulties over the high cost of living could be

solved if every person had a proper conception of his position in this Canada of ours. Whether we are employers or employees, we all have to put something into the economy of Canada if we expect to get something out of it. Employees who are always demanding higher wages, and employers who are always resisting that demand as a matter of principle, help to create conditions that set those two classes in our community against each other. We have to recognize that there must be a spirit of partnership between the two groups. The employee who gets higher wages must be prepared to give more in the way of work and production, if we are going to be able to carry on our economy without a spiral of rising costs such as we have had to contend with for the last eighteen months or two years. Something has to happen somewhere along the line to prevent costs from continuing to rise, otherwise the spiral will reach such a dizzy height that it will topple over. If that happens there will be some degree of economic disaster, which may possibly restore us to common sense and enable us to start out again on a more equitable basis.

One of the dangers inherent in this bill is that of necessity it must result in a sort of planned economy which will greatly restrict the establishment of new industries within Canada and make it more difficult for our young people, as they come along, to get settled in their own businesses. The permits and controls will bring about a reduction in the supply of certain raw materials from other countries, so that the distribution of available supplies may have to be limited to recognized channels. Unless we are very careful, something in the nature of a franchise could easily be acquired by existing industries.

There is another point that I want to mention. It is said that travellers leaving Canada these days are subjected to a far more exacting examination of their persons and their luggage than was made even during the war. I hasten to add that I myself have not experienced any more difficulty in this regard than I did in wartime, but the newspapers lately have published a good many complaints from Canadian visitors to the United States. It seems to me that these complaints indicate another danger inherent in this kind of legislation. When officials are given a lot of authority, it is easy for them to want to use it.

What is required is the dissemination of a good deal of restraint and control from the top. I have the greatest admiration for the Minister of Trade and Commerce, who will be responsible for the administration of this measure, and I think his approach to it will be a liberal one. If that approach can be maintained all the way down from the top to the officials who make the actual examinations, the danger to which I have referred can be reduced to a minimum. But persons who are given authority will want to use it, and that tendency increases as you go down the line. Any resentment on the part of an individual citizen usually provokes further exercise of the authority. However, we cannot eliminate this condition; the best we can hope for is that it will be minimized. Possibly it is good for us that it does exist, because it will teach us not to fall in love with this kind of planned economy, and we shall retain our wish that the measure be removed from the statute book as soon as Canada's position makes it possible to have this done.

Hon. WISHART McL. ROBERTSON: Honourable senators, the honourable gentleman from Vancouver South (Hon. Mr. Farris), who moved the second reading of the bill and so ably presented it for our consideration, is of course entitled to reply, if he sees fit, to any of the arguments advanced against it. In the meantime I should like to refer briefly to one or two points made this afternoon by my honourable friend the leader opposite (Hon. Mr. Haig).

As to the extent of unemployment in Canada just now, I think my honourable friend is perhaps unduly alarmed. On the whole, I believe that what unemployment we now have is largely seasonal. If my memory serves me rightly—and I am speaking only from memory—employment in Canada during the past year reached a height never attained before.

Hon. Mr. HOWARD: That is right.

Hon. Mr. ROBERTSON: And there is every prospect that it will be as great or even greater in the present year. So I think my honourable friend's concern about unemployment is not very serious.

Then he said that our shortage of American dollars arose primarily because we shipped such large quantities of goods overseas on credit. That is probably true. It was generally felt a couple of years or so ago that there would likely be a severe reduction in our reserve of American dollars, and one of the reasons given at that time was that we would be selling a large amount of goods on credit to the United Kingdom and Europe generally. But I think the situation was made much worse than it otherwise would have been by the severe winter in Europe a year ago and the poor crops there last fall, as well as by the delay in the settling of peace treaties. As a result of these things Great Britain found

herself in a position where she had to ask that the supplying of goods to her by Canada and the United States be accelerated to a degree that had not been contemplated when the original credit was granted. The general understanding, both in Canada and the United States, was that the credit would probably extend over four years, but because of the unprecedented conditions to which I have referred, Britain has already used practically all of the United States credit, and there is very little left of the Canadian credit.

We could have refused to do what we did; but as I listened last night to the reading of the White Paper prepared by the British Government—bearing in mind the change that has taken place on this continent since we made our loan, and westward flow of communism on the continent of Europe and the distress of its hungry people—I doubted if any thinking person in this country would say that in the circumstances Canada did wrong in extending the credit and in permitting it to be accelerated.

The situation that we face today is bad enough, but I have not the slightest doubt that had we refused to sell our goods to Britain, France and other countries, the United States would have been glad to take them, in which event there would be no crisis today in the matter of dollar exchange. Indeed, I am quite sure that the demand for goods in the United States has been so high that that country would unhesitatingly have taken our surplus. But will any honourable senator say that we should not have assisted the western democracies as we did?

Early last year there was a strong indication of an impending temporary depression in the United States. This was followed by the announcement of the Marshall Plan, which created on this continent an unprecedented wave of enthusiasm as to the future. My honourable friend was quite correct when he said that the primary cause of the tremendously large purchases which were made were the result not only of the demand for consumer goods, but of the confidence that swept this continent and the extensive plans for the rebuilding of capital equipment—all of which was followed by a wave of wide-scale purchases of capital goods which was almost unbelievable. Those two factors probably were the major ones which contributed to make our financial difficulties greater than may reasonably have been expected.

I recall Mr. Towers explaining certain figures, and adding that conditions might arise which would greatly enlarge present estimates. That is the very thing that has happened. Our extensive assistance to Great Britain and the western European democracies, which were fighting for their lives, accounts for the position in which we find ourselves today. But even had we known what was going to happen—and what is continuing to happen in Europe—I doubt that any honourable senator would have raised his voice in objection to the policy we adopted.

My honourable friend has argued that, this condition having arisen by reason of the accelerated demands not only for our own products, but in some cases for goods imported from the United States to be sold on credit, all of which resulted within a short time in a deficit of United States dollars, the situation would have been much better had the government in July, 1946, refrained from bringing the dollar back to parity. Later in his remarks he flirted with the suggestion that there should be no controls at all. I rather suspect that what he meant was that he looked forward to a time when there would be no control at all, not that we should throw the system overboard at the present time. My honourable friend who has just spoken (Hon. Mr. Hayden) referred to that point.

I am sure that neither the leader opposite nor any other honourable senator, would seriously advocate, in view of the tremendously large and sensitive American capital investment in this country, that there should be no control. Indeed, there could be no such thing as the Geneva trade agreements unless the participating countries pledged themselves to control their currencies. No country is going to bind itself to reductions in tariff and leave another country free to depreciate its currency. That conclusion is obvious.

Now I wish to refer to the suggestion of my honourable friend that we would have been better off if the dollar had been left at its 10 per cent depreciated value. The policy he appears to be advocating is that controls should be removed, but that the rate of exchange under control should not be changed. That seems to be a fair argument, and there is a good deal to be said for and against it. No country wishes to depreciate its currency in so far as its imports are concerned, the reason being that its imports would cost more. A country is driven to devalue its currency largely because the price level is so high that it cannot sell to markets which are open to it. That is exactly the situation in which France found herself. Great Britain today is in the throes of indecision. Her price level is very high, thus placing her at a disadvantage in export markets. It has been argued by some that she should further depreciate her currency; but as against that there is the argument that if she did so the things she has to buy would cost much more.

No one in Canada can say what the future may bring as far as our exports are concerned. But do we need the artificial stimulation of a depreciated currency such as my honourable friend has suggested? If we want to sell goods to the United States or any other country in the world, all we have to do is remove the permit restrictions, and goods will fly out of this country as if they were being sucked out by a giant vacuum cleaner. I do not know that conditions will always remain as they are; but certainly from the point of view of export at the present time there is not one single argument in favour of depreciation, except as it affects one major industry to which my honourable friend referred.

Another industry which he may have had in mind is the tourist industry.

It is obvious that when, rightly or wrongly, the government put the dollar back to par, it was foreseen that a tremendous volume of purchases would be made in the United States, and that under the most favourable circumstances the cost of living would be a very serious problem. As my honourable friend pointed out, the advantage which accrued from their action was that goods could be purchased for less. Personally I believe that stability is the important objective in trade and investment, as in other matters.

Hon. Mr. HUGESSEN: And in currency.

Hon. Mr. ROBERTSON: And in currency. The curious argument is advanced that the return of the dollar to par resulted in a cessation of investment from the United States, and that the advantages of an increased flow of money from that country to Canada were thereby lost; whereas, were our policy reversed, American money would again move in this direction. I suppose that my honourable friend, in referring to the period between January and July, had in mind that there was then a certain counterbalancing inflow of American capital, particularly for the purchase of negotiable securities, which has since been stopped.

Hon. Mr. HAIG: Will my honourable friend undertake to supply figures as to the exchange situation between January 1 and July 1, 1946; July 1 and December 1, 1946; and the eleven months ended November 30, 1947?

Hon. Mr. ROBERTSON: I shall certainly endeavour to do so. I cannot see why the amounts of exchange at the end of each of those periods should not be disclosed.

Hon. Mr. HAIG: The information is contained in the annual reports as of the end of the year, but there is nothing to show how exchange rose and fell.

Hon. Mr. ROBERTSON: I will ask for those figures.

Hon. Mr. HAIG: They would be useful.

Hon. Mr. MacLENNAN: What will happen when you get them?

Hon. Mr. ROBERTSON: That remains to be seen.

Regarding investments, it is a curious fact that while we take some pride in the circumstance that during the war our government did not borrow any money in the United States, and that when provision was made by the government for a possible loan from the United States of $300 million, we accepted it as perhaps unavoidable, though we did not like the idea; yet our position from the point of view of the national economy is exactly the same as though we as individuals owed the United States the same amount of money, for every dollar borrowed from a United States creditor—whether it be borrowed by the government, the Export and Import Credit Bank, or any individual or agency—must be serviced. In due course interest must be paid—in American dollars if the type of security be such as requires it—or our credit cannot be maintained. In other words, whether you borrow one way or the other, the loan must be repaid. But, as the honourable senator from Vancouver South (Hon. Mr. Farris) pointed out, the investment in Canada by United States citizens is greater than in any other country, and greater than the sum total of American investments in the whole of Europe. It amounts to over $5 billion, of which $2 billion is represented by plants and similar enterprises and $3 billion by negotiable securities. Every one of these investments must be serviced in due course at the prevailing rate of interest, and at some time or other the principal must be repaid. Sometimes re-borrowing and re-financing is resorted to; nevertheless the borrowings will have to be paid off.

Looking at the situation from this standpoint, it seems to me that, so far as American investment in Canada takes the form of purchases of negotiable securities, and having in view the tremendous sums of money available in this country, it is no great disadvantage to us if our financing is done at home. Indeed, during the last year or two, the provinces have retired a considerable part of their multiple pay obligations—the ones which are to be paid in American funds and for every hundred dollars of which, when our dollar was depreciated by 10 per cent, they had to pay $110 as

well as an additional amount on interest. Every opportunity has been seized by these provincial administrations to retire their obligations in the United States and to re-finance them in Canada. One of the reasons which accelerated the demand for American currency in the last eighteen months is that the Foreign Exchange Control Board not only supplied provincial and other authorities with American exchange to retire their obligations, but permitted these authorities to accelerate retirement if the obligation contained a permissive clause. So apparently it is excellent business as far as we are concerned to take every opportunity we can to retire indebtedness of this type, in order that the drain on us for additional interest and principal will be correspondingly reduced.

But investment in Canada is in a different category. The truth of the matter is that, during the financial history of this country, the periods when our dollar was at a depreciated figure were not those when American capital came into Canada. From 1926 to 1930, the period when American investment in Canadian industry—by which I mean plants and mills—was at its height, our exchange was at par. During the depression of the next three or four years, when our dollar in relation to the United States dollar depreciated as much as 20 per cent at one time, it might have been expected in the light of arguments we have heard that Canada would have witnessed a great influx of United States money attracted by the opportunity of buying a dollar for 80 cents. But the fact is that over that period American investment in Canada actually decreased somewhat.

Hon. Mr. FARRIS: They were afraid.

Hon. Mr. ROBERTSON: The ruling consideration is security. One may admit that there is always somebody who will try to make a few dollars by speculation, but the men who invest money are motivated by confidence. I suppose that if you wanted to deal in exchange today, you could with one Canadian dollar buy 100,000 Chinese dollars. But who would regard that as an investment? Today would be a favourable time for Canadians and Americans to buy bonds and make investments in Great Britain and Western Europe, where currencies are depreciated. But is there any indication of a great outflow of capital from this side to take advantage of these depreciated currencies?

The greatest attraction to capital is stability, the assurance that the investor will be paid when the obligation is due and that repayment will be made in American currency. The Americans think this country is stable, and that is why they have invested more money here than in any other country of the world. If I were going to change the rate of exchange for our immediate benefit I would seriously consider appreciating our dollar value. Honourable senators should remember that over $500 millions were spent for capital equipment in this country last year, and that purchases of farm implements to the amount of $100 millions were made by Canadians in the United States. In this connection I say to my honourable friend from South Bruce (Hon. Mr. Donnelly) that if he were to buy a farm implement worth $1,000 in the United States, under the policy of his leader he would have to pay $1,100 for it. Is that not right?

Some Hon. SENATORS: Yes.

Hon. Mr. ROBERTSON: He would only pay $1,000 for it under the present rate of exchange. What is wrong with that? Would anyone argue that businesses in this country would not prefer to pay $500 million for equipment instead of $550 million, as they would have to do under the system advocated by the honourable leader opposite? I would go a step further than he does, and suggest that we appreciate our dollar and pay only $450 million for the equipment. Would that not be good business.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROBERTSON: Then I would immediately anticipate running into trouble from two different sources. First, my honourable friend who has just referred to gold (Hon. Mr. Hayden) would argue that at one time gold cost $38.50 an ounce, that it now costs $35, and that I would want to reduce it to $31.50. My reply would be that I would be prepared to raise the ante for the benefit of the gold producers, in order to make up the difference between my friend's policy and my own. I would raise the extra money and save untold millions.

The second source of trouble would come from the chairman of the Tourist Traffic Committee. He would argue that the American dollar would only be worth 90 cents in Canada. Perhaps that argument is more difficult to answer than the other; but my reply would be that when our dollar was at a discount of 10 per cent in the United States it did not deter Canadians from visiting that country and spending their money there. Perhaps, honourable senators, the fact that Canada was the only country in the world to have its dollar appreciated in relation to the United States dollar would arouse so much curiosity among the American people that they would come in droves to see what this country was like.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROBERTSON: However, I shall not press that policy.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROBERTSON: I would suggest to my honourable friend opposite that, so far as Americans are concerned, there is nothing to be gained by depreciating our dollar with respect to theirs; and when it comes to replacing our capital equipment and oil, coal and other commodities which we have to purchase, I suggest that he consider carefully and see if he does not agree that, after all, we are better off under the present policy of the government than we would be if we adopted the policy he and his party advocate.

The third matter which I should like to discuss is the iniquity of this government in refusing permits to allow certain goods to be exported to the United States. I admit it is a difficult problem, and that the agricultural people of Canada have probably shown more consideration than I would have done had I been in their shoes. Ordinary common sense and sound reasoning warns the agricultural community that it is unwise to receive $3.50 or $3 a bushel for wheat for a limited period and then to starve for years. Depriving industries, especially the agricultural industry, of the opportunity of receiving high prices, such as could be got in the United States at the present time, is a very serious matter. This problem certainly applies to practically every branch of agriculture, and particularly to the wheat producer.

Hon. Mr. HAIG: And to the lumbermen.

Hon. Mr. ROBERTSON: Yes, except that the lumbermen were given a certain quota under which they could export at a higher price.

The other day I heard a dairyman complaining bitterly because the government had refused him a permit to ship his whole milk to the United States where, he claimed, he could sell it at a high price. He even said that despite a 14 cent duty he could have shipped his butter to the United States and still made a profit of 10 cents a pound.

There are many angles to this problem. My honourable friends know what they are. In my judgment the fact that the agricultural community has been called upon to pay the shot means that if the time ever comes when the present legislation, as it affects agricultural prices, is dealt with, it will have to be considered in relation to the position in which agriculture now finds itself.

Honourable senators, I have nothing more to say, except to assure my honourable friend who has referred to my free-trade instincts, that this practical and temporary measure of selective controls is a better system than the one he advocates. If we were to depreciate our currency it would affect our whole economic structure and make recovery increasingly difficult.

In conclusion, I wish to join with those who trust that the world situation will ultimately be such that controls will no longer be necessary.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I spoke at some length on the principles of this measure at a time when I felt the public at large was giving consideration to it. I therefore have very little to add today. I do feel impelled, however, to reaffirm the principles which I laid down in the previous debate: The cure for the ills of freedom is more freedom.

Had the subject not been so serious I should have been amused as I sat here and observed a leader of the Liberal party arguing for protection and its principles, and a leader of the Conservative party arguing for freer trade and its principles.

I wish to join with the leader of the opposition (Hon. Mr. Haig) and others in complimenting the senator from Vancouver South (Hon. Mr. Farris) upon his excellent address, and particularly upon the skill with which he put what I think was a poor case. When you start from a false premise you can build a pretty house of cards. The false premise from which the honourable gentleman started was the situation which existed in Canada prior to the introduction of this bill, through the operations of the Foreign Exchange Control Board. Assuming the false premise that that board was a necessary evil and that we had to do what was done, there is of course very little answer to be made to his argument that we should go on to still further controls. One control always leads to another, and we reach the position where a fundamental free trader argues for greater protection, from the false premise of protection already existing.

In the address which I previously made on this subject I said:

> The government's action will be approved and its legislative program confirmed. Under the circumstances, there is nothing else that we can do.

I repeat that now. There is nothing else that we can do at this moment. We in this house, be we free traders or not, or opposed to controls—even though we dislike the bill as strongly as does the senator from Toronto (Hon. Mr. Hayden)—can do nothing but vote for the bill.

Arguments of the kind that we have heard in support of the bill lead on inevitably to a controlled economy. I must say that I sometimes have a feeling of frustration and pessimism as I see men who should be headed in the opposite direction, going on and on, step by step, in the direction of a socialist state. There is no precipice over which we shall plunge in this matter. We shall go on step by step, as we are doing now, moving imperceptibly towards a socialist state.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: We are told that there is necessity for controls. Well, they have controls, have they not, in England? England was never so controlled in all her history, and English people are worrying about how to get enough to eat and the clothes with which to keep themselves warm. On the European continent there is military control and there is starvation, two years or more after the conclusion of the war. So far as I know, the country freest of control is the one to the south of us. Our neighbours there have abolished controls over prices and other things of that kind. Unfortunately they have not yet abolished their tariff controls, but internally they have got rid of trade restrictions, and today goods are flowing freely from free America to controlled, dominated and half-starving Europe. I say to my colleagues here, Liberals and Conservatives alike—for we are all Canadians and anxious about the future of our country—let us discontinue the practice of adding one control to another, before we find ourselves in a position similar to that of Europe.

As I say, I have already made my position on this matter clear, but I wish to emphasize that the cure for the ills of freedom is more freedom. Let me try to illustrate that. Trading is an individual matter. It is carried on, not in the mass, but by individuals buying specific articles from one another. True, all these purchases may be added up in a column and the total published in a government report, but trade consists of individual transactions. Of course, some people cannot see them, just as some people cannot see trees, for the forest; while others cannot see the forest, for they look only at the trees.

Let us suppose that an individual in the state of Maine—that state is economically comparable to one of our provinces—wants to buy something in the city of New York. but the price is more than he can afford to pay. I may say that all my life I have been in a position of wanting to buy more than I could pay for.

Hon. Mr. HOWARD: Who has not?

Hon. Mr. ROEBUCK: That is a normal condition. I have desisted from buying, not because of some balance of exchange, but purely and simply because I did not have the necessary sum of money. And if an individual in the state of Maine did not have enough money to buy something that he wanted in New York, he simply could not buy it. There is the correction, working through the individual, not through the mass. Is that domination? No. It is surrender to circumstances. But one difference between a possible purchaser in the state of Maine and another in the province of Ontario is this, that the Ontario individual is faced with a barrier erected by our Foreign Exchange Control Board, whereas the person in Maine can, if he has the money, trade with New York freely.

The Foreign Exchange Control Board requisitioned all or practically all the American money in this country and formed a great fund, which a year or so ago amounted to $1½ billion. The board took the whole question of exchange out of the hands of individuals. The address that I made on this subject previously had hardly been concluded when word came to me that a gentleman who sat not far from me had bought in the United States a press for $200,000, that it had recently been delivered, and the government had paid the exchange. Well, by paying the exchange on one transaction after another, instead of letting things take their normal economic course—in other words, instead of allowing the ills of freedom to be cured with more freedom—the government saw this fund of $1½ billion gradually melt away like snow in the sun. Having reached that crisis, then of course the argument presented by my friend from Vancouver South (Hon. Mr. Farris) applies. Something had to be done. But instead of abolishing the Foreign Exchange Control Board, and letting trade take its natural course, the government adopted a method of prohibiting trade between ourselves and our best customers in the world, the people in the United States. Of course I am opposed to that policy. I want to get back to conditions as free as it is possible to make them. I would give freedom of trade to our people, irrespective of what other countries do. I am on the road to freedom all the time, though perhaps not travelling very fast in that direction.

It is rather unfortunate that the trend of our time is towards socialism. I can see it right in this chamber, as I can elsewhere. One after another we accept these government interferences with private affairs, and we give up the sound principles that guided our actions in the past. Every day brings a crisis—last

year it was the war, today it is foreign exchange, tomorrow it will be something else. There will always be a crisis, and as long as Liberals are prepared to abandon their principles because of a crisis, then so long will we progress towards the destiny of a controlled economy and a dominated people. As I say, I see the new trend right in this chamber. It is not confined to any one party. It seems to be almost as prominent among Liberals as among Conservatives, although it would be more natural for them than for us. In the House of Commons we now have a party elected to promote this very program. I do not fear it in the least, but I do fear the lack of principle that I see about me, and the willingness to accept the false gods of socialism rather than to cling to the sound principles of Liberalism.

In conclusion, I simply wish to reaffirm my position. But there is no use voting against the bill. If the government, in conjunction with this bill, would bring in a proposal to abolish the Foreign Exchange Control Board and ask me to vote on the two, of course I would vote against the board. If I had my way I would destroy that institution, root and branch, and leave our people free. But in this hog-tied position what are we going to do? You cannot refuse to put the stamp of approval on a general policy although you regret, deprecate, and disapprove of it. After distinctly stating my reservations and saying that I am wholly against the principle of the thing, my position is that I am going to vote for the bill—at least I will not vote against it.

Some Hon. SENATORS: Question! Question!

The Hon. the SPEAKER: Honourable senators, it is moved by Senator Farris, seconded by Senator Howard, that Bill 3 be now read a second time. Is it your pleasure to give the bill second reading?

Some Hon. SENATORS: Carried.

Hon. Mr. HAIG: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. McLEAN: Honourable senators, I think that the bill should be referred to the Standing Committee on Canadian Trade Relations.

Hon. Mr. ROBERTSON: With all deference, I believe it is a matter that should go to the Banking and Commerce Committee.

The motion was agreed to.

LOAN COMPANIES BILL

MOTION FOR SECOND READING

On the Order:

Second reading of Bill F, an Act to amend the Loan Companies Act.

Hon. Mr. ROBERTSON: Honourable senators, I must apologize for allowing this item to remain on the Order Paper so long. Some changes have been suggested in the original draft of the bill, and up to now I have not been able to get them. I hope to have the information early next week.

The order stands.

PRIVATE BILL

SECOND READING

Hon. JOHN T. HAIG moved the second reading of Bill B5, an Act to incorporate the Canadian Veterinary Medical Association.

He said: Honourable members, the provincial veterinary associations across Canada are anxious to have a parent organization to which they may all belong. I may say that all the associations are in favour of the bill.

As I propose to move that the bill be referred to the Standing Committee on Miscellaneous Private Bills when it has received second reading, I think no explanation is necessary.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAIG moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. J. G. TURGEON moved the second reading of Bill C5, an Act to incorporate the Canadian Association of Optometrists.

He said: Honourable senators, I will not take the time of the house to explain the bill now because, like my honourable friend (Hon. Mr. Haig), I intend to ask that the bill, after receiving second reading, be referred to the Standing Committee on Miscellaneous Private Bills. I may just say that the purpose of the

legislation is to provide the nine provincial optometrist organizations with a national association.

Hon. Mr. ROEBUCK: Has it anything to do with prices?

Hon. Mr. TURGEON: If it has, the committee will find that out. I would say that it has nothing to do with prices. The bill will be explained fully in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. TURGEON moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

ANIMAL CONTAGIOUS DISEASES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill D-5, an Act to amend the Animal Contagious Diseases Act.

He said: Honourable senators, the purpose of this bill is to tighten up certain legal provisions governing the export of infected cattle to the United States. As honourable senators are aware, the export of dairy and breeding stock cattle from Canada to the United States is permitted at present, although there is a prohibition against the export of beef cattle. Under our Animal Contagious Diseases Act, cattle exported to the United States must be certified free from disease by Department of Agriculture inspectors. Cases have come to light recently in which cattle dealers and others have conspired to evade the law by shipping infected animals in place of the healthy animals for which certification tags and certificates were originally issued. By switching the certification tags and documents, the dealer could sell a low-priced, diseased animal to an American buyer for the high price of a healthy animal.

Acting on complaints from the United States buyers and authorities that certified animals imported from Canada were found to be infected, the Department of Agriculture initiated prosecutions against the offenders under the Animal Contagious Diseases Act. The existing provisions of the law, however, were found to be insufficient to deter offenders, partly because the six-month time limit for prosecution was too short for the necessary evidence to be secured, and partly because the penalties were insufficient. The department has therefore asked that the time limit for prosecution be extended to two years instead of six months, and that conspiracy to violate the provisions of the Act be made an offence. Offenders may then be prosecuted under indictment as well as on summary conviction. These two changes would have the effect of closing the legal loopholes now in the act.

I have no further information of particular importance with respect to this bill, but if the house will give it second reading I shall be pleased, if any honourable senator so desires, to refer it for further consideration to the Standing Committee on Natural Resources.

Hon. Mr. HAIG: I think it should go there.

Hon. Mr. DAVIES: In 1947 there were several prosecutions under this Act. In a number of cases with which I am familiar and which seemed to me glaring offences the defendants were found not guilty. Could the honourable leader tell us whether they were found not guilty because of some weakness in the Act? I know that in one or two cases the verdict was rather a surprise.

Hon. Mr. ROBERTSON: I am not in a position to give the information for which my honourable friend asks, but in view of the fact that this legislation is regarded from a legal point of view as more stringent than the existing Act, such cases as those to which my honourable friend has referred may have had something to do with the demand for revision. The question is a pertinent one, and, with any others which may occur to honourable gentlemen, could well be asked of the officials when they appear before the Standing Committee on Natural Resources.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second readings of the following bills:

Bill F-5, an Act for the relief of Mildred Frances Batten Gzowski.

Bill G-5, an Act for the relief of Irene Nellie Kon Ballantyne.

Bill H-5, an Act for the relief of Theophile Gobeille.

Bill I-5, an Act for the relief of Violet Mary Cowper Preston.

Bill J-5, an Act for the relief of Virginia Grace Borland Langton.

Bill K-5, an Act for the relief of Ethelwyn Lillian Flynn Budd.

Bill L-5, an Act for the relief of Alfred Winston Savage.

Bill M-5, an Act for the relief of Elizabeth Frances Mary Liddle McClelland.

Bill N-5, an Act for the relief of Diana Eva Whittall Beurling.

The motion was agreed to, and the bills were read the second time.

THIRD READINGS

Hon. Mr. HAIG: With the consent of the house, I move the third reading of these bills.

Hon. Mr. DUFF: On division.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 11, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with I should like to make a brief statement with respect to the future program of the house. I shall give honourable senators as much information as I can.

To begin with, yesterday, at the conclusion of the debate on the motion for the second reading of the Emergency Exchange Conservation bill, I gave an undertaking to the sponsor of the Dairy Industry bill (Hon. Mr. Euler) that discussion on that measure would proceed this afternoon. Today, to meet the convenience of the many witnesses to be called before the Committee on Banking and Transportation, I again requested the honourable senator for Waterloo to permit a further postponement. This he has graciously consented to do. I told him that I would ask the honourable senator from Grandville (Hon. Mr. Bouffard), who moved the adjournment of the debate, not to proceed until he, the honourable senator for Waterloo, has returned to the house, probably early next week.

It is my intention to suggest when we adjourn today that we stand adjourned to Monday next at 8 o'clock in the evening. On our return next week, we shall proceed in committee with consideration of Bill 3, respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources, which was passed yesterday, and with the subject-matter of the Geneva trade agreements. In the house we shall take up the motion for second reading of the bill to amend the Canada Shipping Act.

I have been asked to intimate what is intended with respect to the Easter adjournment. In view of the fact that I cannot form an estimate of how long the other place will take to deal with the Transitional Measures bill and the Agricultural Products bill, both of which will afterwards have to be considered and passed in this place, and receive Royal Assent before the end of the month, honourable senators will appreciate my difficulty in arriving at a conclusion.

I have been advised that after the bill to amend the Canada Shipping Act has received second reading, there will be a considerable lapse of time before the various deputations interested in the bill will be ready to come before the committee. Therefore, when we have concluded whatever business it is necessary for us to transact before the end of the month I intend to propose—unless something should occur meanwhile of which I am now entirely unaware—that we adjourn until Tuesday, April 13. The date of adjournment will depend entirely upon when the legislation I have referred to will come to this house. As soon as I have any further information to give the house, I shall be only too happy to do so.

Hon. JOHN T. HAIG: Assuming, as I think I am entitled to do, that the other place will take longer than the next week to consider the two bills the leader has mentioned, and considering that the first minister has announced that the other place will adjourn on March 24 to March 30, would it be possible for members from the dear old province of Quebec and the dear old province of Ontario to sacrifice themselves to the extent of being here on the last two days of this month, in order to allow those of us who come from "the sticks" to get away that much earlier?

Hon. Mr. ROBERTSON: I think that is entirely up to the "dear old province of Ontario" and the "dear old province of Quebec."

Hon. WILLIAM DUFF: Honourable senators, may I refer for a few minutes to the remarks made by our good friend the leader of the government (Hon. Mr. Robertson) regarding the Easter adjournment? If I understood him rightly, he is not quite sure as to when it should begin. The other house, I believe, is to adjourn on Wednesday, March 24, to resume its sittings the following week. That is quite proper because, Goodness knows, honourable members of that place have wasted enough time already this session doing nothing. We who are here waiting to attend to business should not have to commute from our homes to Ottawa every fortnight or so, as I have had to do for the last seven or eight years, just to wait around for certain people elsewhere to get through their work. I think we should stand on our dignity and declare a definite date of adjournment. Then our members would be able to make plans—to stay here or go to Atlantic City or to Lunenburg or Vancouver, or wherever else we choose.

It seems to me that the only reason why we might need to postpone the adjournment until after the 24th is that we shall be on hand to pass the Supply Bill at the end of the month. There will be no other business; and I submit,

honourable senators, that it would be unreasonable to call us back from the four corners of the country for fifteen or twenty minutes of discussion. Therefore, I suggest to the leader that he ask the Minister of Finance to arrange to have the Supply Bill sent over to us not later than, say, Tuesday, the 23rd, in order that we may pass it by the 24th and adjourn that day.

Now may I say a word as to the length of the adjournment? Of course, honourable senators, we are a happy family, and those of us whose homes are a long way from Ottawa do not mind waiting around here from Thursday night until Tuesday night while our Ontario and Quebec colleagues are away. During those long week-ends we have nothing to do but twiddle our thumbs and bite our finger nails.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. DUFF: And most of us get into trouble.

An Hon. SENATOR: "Speak for yourself, John."

Hon. Mr. DUFF: I am speaking for myself. It seems to me that some consideration should be given to those of us who live in distant parts of the country. I am getting tired of having to commute between Lunenburg and Ottawa. If there is business to be done, I am willing to stay and do it; and although I am a Presbyterian I am willing to work even on Sundays, if necessary.

Hon. Mr. HAIG: Shame!

Hon. Mr. DUFF: I say I am willing to work on Sundays, if necessary, because I am convinced it is God's work that we are doing in this chamber.

Of course, I know the leader of the government will have to confer with his colleagues of the cabinet before he can say whether it will be possible for us to adjourn on the 24th. Our leaders have always had to consult with their colleagues about a Senate adjournment. That is an old story. Seriously, in all fairness to those of us who are in business or professional life and have large interests in this country, I say we should not be called back here when there is no work for us to do. And there will not be anything ready for us by the 13th of April, which I understand was the date mentioned by the leader. I say that because in another place there are a number of young gentlemen who want to talk their heads off, as they expect an election this year. I would respectfully suggest to my good friend the leader that our period of adjournment should be from the 24th of March to the 20th of April.

SENATE COMMITTEES

ACCOMMODATION FOR MEMBERS

On the Orders of the Day:

Hon. A. C. HARDY: I wish to call the attention of the Senate to a matter which, perhaps, is under the authority of the Committee on Internal Economy. The room usually occupied by our committees is a small one, and the only seating accommodation for senators who are not committee members is in three or four rows of chairs situated near the north wall. At a quarter past ten this morning, fifteen minutes before the Committee on Transport and Communications met, these chairs were all filled by people who, although interested, were in no way connected with the Senate. The result was that senators who attended the meeting were scattered all over the back parts of the room. I think the seating arrangement should be such that at least one row of seats would be reserved for senators.

Our rules provide that any senator has the right to attend and take part in any committee meeting, but I am sure he cannot do very much if he is unable to get a satisfactory seat. Incidentally, in the last two or three years there has been a growing tendency on the part of senators who are not members of committees to sit at the committee tables. The result has been that in our very large committees—such as the committees on Banking and Commerce, and on Transport and Communications—the tables, which accommodate approximately twenty, are crowded with non-members. This morning I counted ten committee members who were forced to take rear seats because of this practice. This does not seem to be a proper situation. It has been the custom to reserve the seats at the tables for committee members, and it is quite possible that some of the non-member senators who sat at the table this morning did so because they were crowded out of their own places.

I feel that this matter should be taken up by the proper authorities, so that committee members may be assured of their proper places, and senators who are not committee members may be located where they can take part in the proceedings, if they so desire.

Hon. Mr. WHITE: Honourable senators, if this matter comes within the jurisdiction of the Committee on Internal Economy, as chairman of that committee I shall certainly see that the suggestions made by my honourable friend from Leeds are carried out.

Hon. THOMAS VIEN: Honourable senators, I believe this is a matter that comes, not

within the jurisdiction of the Committee on Internal Economy, but rather that of the chairman of the committee concerned. It is true that a large crowd was present at the committee meeting this morning, and senators who did not have seats should have called that fact to the attention of the chairman and requested that the chairs improperly occupied by others be vacated.

Hon. Mr. FARRIS: No honourable senator wants to do that.

Hon. Mr. VIEN: Very true. I would therefore suggest that this situation be brought to the attention of the two persons in this Senate who should be most interested in directing action in this matter: the leader of the government and the chief whip.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. VIEN: This is a matter that is always under the authority of the chairman of the committee.

Hon. Mr. HARDY: Honourable senators, I do not think my remarks are debatable.

THE LATE JAN MASARYK

TRIBUTES TO HIS MEMORY

Hon. WISHART McL. ROBERTSON: Honourable senators, I feel that I should not let this occasion pass without reference to the tragic death of Jan Masaryk, the Foreign Minister of Czechoslovakia. Not only did he bear one of the greatest names in the history of his country and the world, but he devoted his life to his country's welfare and the advancement of democratic ideals.

One of the advantages enjoyed by the Canadian delegation to the United Nations Assembly in New York in 1946 was to meet and know this great and outstanding world figure. It was difficult, even then, to feel otherwise than that his position was far from being a happy one. Since his country became engulfed by the tide of Communism, it is easy to understand that his position was unbearable.

Living as we do in this happy land, it is hard for us to fully realize what the peoples of Europe are suffering and the uncertainty of the future which they face. It would be the height of folly to believe that, because an ocean divides us, their plight is no concern of ours. When we contemplate the tragic events of history, it is sometimes difficult to get the right perspective; but if this latest event serves to awaken the peoples of more fortunate countries, including our own, to their responsibilities, Jan Masaryk may not have died in vain.

Hon. JOHN T. HAIG: Honourable members, I agree with the honourable leader of the government that those of us who were fortunate enough to attend the United Nations meeting in the fall of 1946 can never forget Jan Masaryk and the address he delivered before the General Assembly a day or two after it opened. The delegations were seated alphabetically, and those from Canada and Czechoslovakia were in close proximity. All the delegates were formally introduced.

Following Jan Masaryk's speech on behalf of Czechoslovakia, I took the liberty of walking back and sitting down beside him. I complimented him on the speech he had made, which rang with the hope of a free, Christian gentleman. While talking to him I said: "At times you seemed a little hesitant." He replied, calling me "Canada": "You live in happy surroundings. Do you know who is at our back?" That was a sufficient explanation.

We in Canada are greatly disturbed because, for the second time in ten years, something tragic has occurred in Czechoslovakia. Within the past twenty years a large number of people from that country have settled in my province. They are a fine hard-working people, with a Christian faith that stands them in good stead in these trying times.

We in the western world should take warning from this tragedy. Jan Masaryk did not commit suicide; he gave his life that the rest of the world might fight for freedom. The background of his actions within the past week or two—and even my fleeting experience with him in New York—indicate to me the constant fear that leading men of that country have had of recent developments in Europe.

I join in the sentiments expressed by the leader of the government, and I congratulate the world that such men as Jan Masaryk are born to give us such a splendid example. In 1939 Czechoslovakia paid a high price for standing up for her freedom. She will in 1948 be called upon to pay heavily for clinging to her freedom. We in the western democracies should remember that the borders of Czechoslovakia are not very far from the shores of Canada.

Hon. A. K. HUGESSEN: Honourable senators, may I add just a word to what has so eloquently been said by our two leaders? I did not have as much opportunity as they had to meet the late Mr. Masaryk; in fact, I do not clearly recall whether I was actually formally introduced to him or not. However, Mr. Masaryk was head of the delegation from his country to the preparatory commission of the United Nations held in London during November and December, 1945. As a member

of the Canadian delegation to that assembly, I had the opportunity on more than one occasion of seeing him and listening to his speeches. In this way I got a fairly clear picture of the nature of the man. He was a sincere and convinced democrat, a distinguished statesman and the son of an even more distinguished man, Thomas Masaryk, the founder and first president of the Czechoslovakian republic.

Honourable members, it is becoming clear that over a large part of Europe life for free men is becoming impossible. Jan Masaryk was born and brought up in freedom, and I feel that all we can say now is that he took the only means of escape open to him when freedom no longer existed.

Arising out of this tragedy, I have two suggestions to make to the government. First, it seems to me that there is now no manner of reason under the sun why Canada should send a minister to Czechoslovakia, as appears to be contemplated according to the estimates put before us the other day. To send a minister to Czechoslovakia under present conditions would appear to me to savour a little of recognition of the government of that country, for which we now have nothing but aversion and disgust. My second suggestion is that the government should make perfectly plain and abundantly clear to the present government of Czechoslovakia that it will not admit into this country any new minister or members of his staff to take the place of the minister and staff who resigned from the Czechoslovakian Legation in this city a few days ago, and whose resignation we honour. We do not want in this city any more festering nests of treachery and corruption such as the Russian Embassy turned out to be not so long ago.

I make these suggestions and ask the leader on this side most respectfully to submit them to his colleagues.

Hon. CAIRINE WILSON: I have no suggestion to make; but I should like to say that I esteem it a very great privilege to have seen a great deal of Jan Masaryk during the visit he paid to Ottawa in 1941. He was a man of great intellectual capacity, versed in many arts, and withal, a most delightful companion and a devoted son of his country. At that time his sister, Dr. Alice Masaryk, was in the United States in an institution to which she had been taken after a very serious nervous breakdown. I learned yesterday to my sorrow that she is back in her native land, where she must be suffering as much as or even more than her brother did.

EXPORT AND IMPORT PERMITS BILL

CONCURRENCE IN REPORT OF COMMITTEE

The Senate proceeded to consideration of amendments made by the Standing Committee on Banking and Commerce to Bill U-3, a bill to amend the Export and Import Permits Act.

Hon. Mr. BEAUREGARD moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. BEAUREGARD: Now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. L. M. GOUIN moved the second reading of Bill O-5, to incorporate the National Insurance Company.

He said: Honourable senators, this bill follows the usual and traditional pattern of the model bill which we find in the first schedule to the Canadian and British Insurance Companies Act, Chapter 46 of the statutes of 1932, page 266. Moreover it is in accordance with a bill which I had the honour to introduce last year, and which is now chapter 83 of the statutes of 1947.

The present bill contains all the usual clauses. The amount of capital is to be $1,000,000, divided into shares of $100 each. It is provided that $300,000 must be subscribed before the holding of the general meeting for the election of directors. The head office of the company is to be in Montreal.

Clause 6 enumerates the various classes of insurance authorized—fire, accident and so on—in virtue of the regulations adopted under section 2, paragraph 2 of the Canadian and British Insurance Companies Act, 1932.

Section 7 sets out the amount of capital, namely $300,000, which must be subscribed and paid before the commencement of business in fire insurance and some other classes mentioned in the first paragraph. Subsection 2 of this section states what additional amounts are required for the purpose of undertaking some other classes of business; and subsection 3 is to the effect that the company may transact all classes of insurance business, except of course life insurance, when $500,000 of capital has been paid up or when the amount of capital together with surplus equals that sum.

Finally, in section 8, we find provisions—similar to those in the Federation Insurance Company of Canada Act, chapter 83 of the statutes of 1947—to the effect that the National Insurance Company of Canada may acquire the business and the assets and assume the duties, obligations and liabilities within Canada of the French company La Nationale.

The Act to which I have referred, and which was adopted last year, was concerned with the French insurance company known as La Foncière.

This bill has been submitted to the Superintendent of Insurance and has received his approval. The agreement to be entered into between the company which is now praying for incorporation and La Nationale, the French company already mentioned, must receive the approval of the Treasury Board. The bill will come into force only on a date specified by the Superintendent of Insurance and published in the *Canada Gazette*. That means, of course, that the Superintendent of Insurance will have to be satisfied that all the conditions prescribed by the Act and required by the department have been duly fulfilled.

If it is the pleasure ofthe Senate to adopt second reading of this bill, I shall move that it be referred to our Miscellaneous Private Bills Committee, where honourable senators will have an opportunity to examine the incorporators and also to hear the Superintendent of Insurance.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. GOUIN moved that the bill be referred to the committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until Monday, March 15, at 8 p.m.

THE SENATE

Monday, March 15, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SENATE PROCEDURE

RULE 18A—PARTICIPATION BY MINISTERS IN SENATE DEBATES

The Hon. the SPEAKER: Honourable senators, before proceeding with the business of the evening, I should like to call attention to an incident that occurred last Tuesday, March 9, when I was unavoidably absent from the senate. I find on reading the debates that, on the Orders of the Day being called the government leader indicated the procedure to be followed in regard to certain bills. He said that he would bring the Honourable Minister of Transport into the chamber on the second reading of Bill E-5, an Act to amend the Canadian Shipping Act. After the leader had moved second reading of the bill, the Minister of Transport would then have the opportunity, under rule 18A, adopted last session, to take part in the debate and give to honourable senators any further information they might desire regarding the bill.

At this point, the leader of the opposition, the Honourable Senator Haig, stated that although it was not in order now to debate the proposed procedure, he wished to refer to the government leader's statement as to the authority for the Minister of Transport to be in the senate chamber, and his right to speak under rule 18A passed last session. I quote now from the Senate Debates of March 9, pages 201 and 202. Senator Haig said:

I am just as anxious as my honourable friend to have this matter brought to a conclusion as soon as possible. Legislation that is somewhat dependent upon this arrangement is to come forward, and it would be inconvenient if it were before us when we were discussing this change. Nowadays, as in the past, our best work is done in committee, where a deputy minister or some other appropriate official can attend and give his views.

But what I wish to refer to particularly is the statement of the honourable leader that this house, by amending its rules, allowed a minister of the Crown to come into this chamber and speak. I care not what amendment of our rules we make. By the British North America Act the Parliament of Canada is constituted in three divisions—the Governor General, the Senate and the House of Commons; and there is no precedent that I have ever heard of or been able to find for permitting a member of one house to enter another house and address its members without their unanimous consent.

A short debate then took place, and I quote from what the honourable Senator Dupuis said on page 202:

May I ask the leader of the opposition if he considers the rule passed last year unconstitutional?

Honourable Senator Haig replied:

My point is that it is not a question of a rule but one of the constitution. Under the constitution it is provided that only senators may speak in the Senate, and nobody else has any right to do so. Anyone other than a senator who appears here will be a stranger on the floor, and I will ask to have him removed. That is my right.

That is the position we now find this matter in, and I think it should be clarified. The Honourable Senator Haig has referred to the British North America Act. Of course, we all understand that that Act brought about Confederation and established the form of parliament to govern Canada, but it was left for the two branches of parliament to devise rules of procedure for carrying on the functions of government. These have been amended and re-amended from time to time as circumstances required.

If the honourable senators are sufficiently interested as to the origin of the rules of the Senate, they will find in volume I, Journals of the Senate, 1867-1868, the first session of the Canadian parliament, the procedure then adopted to formulate rules applicable to the functions of the Senate. They will also find in Bourinot's Parliamentary Procedure, 4th Edition, at page 200, Chapter VI, the origin of the rules, orders and usages of the Canadian Parliament.

There was nothing new, or startling, in the procedure adopted last year. Our rules were amended by adding rule 18A, which reads as follows:

18A. When a bill or other matter relating to any subject administered by a department of the Government of Canada has originated in and is being considered by the Senate or in Committee of the Whole, a Minister representing the department, not being a member of the Senate, may enter the Senate Chamber, and subject to the rules, orders, forms of proceedings, and usages of the Senate, take part in the debate.

The subject-matter of this rule has been under consideration at various times in the Senate, and I should like to call members' attention to a debate that took place here in 1934 on a motion of the late Senator Murphy. The debate begins at page 136 of the Senate *Hansard* of 1934. This debate would be interesting to senators who care to read it, as it gives the attitude of many members of the Senate on the question of facilitating the

introduction of more government measures in the Senate. I wish more particularly to refer to a statement made by the late Honourable Mr. Dandurand, who was then leader of the opposition in the Senate. He said, at page 139:

I wonder whether it would not be opportune—and I leave it to the discretion of my right honourable friend—to amend our rule so that ministers of the Crown in the other house could, if so inclined, come into the chamber. Deputy ministers are permitted to come to the floor of the Senate. Why should not ministers sit with us and take part in the discussion regarding legislation emanating from their departments?

The Right Honourable Mr. Meighen, who was then leader of the government in the Senate, said, at page 142:

As the honourable senator opposite me (Hon. Mr. Dandurand) has very clearly shown, the rules could be so amended as to invite ministers, and really make it their duty to come when invited, to expound their measures. Their right to do so should not be restricted in any way except by motion duly carried in the chamber to which they went. Of course, the power of each chamber to control its own proceedings must remain supreme; therefore the attendance of a minister must necessarily be subject to such rules as the chamber might prescribe to govern his presence and his rights while he is within its bounds. Very little mechanism is necessary for this purpose. I fancy it could be done by joint resolution. I have no doubt it could be done by amendment to the rules of the two houses. It is assumed that such visiting ministers, if we may so denominate them, would have no right to vote; we could not give them the right constitutionally; but the right to speak and to explain is very distinct from the right to vote, and I do not think there can be any question as to our constitutional powers in respect of this limited right.

In the debate the other night the senator from Toronto (Hon. Mr. Campbell) inquired of the leader of the opposition (Hon. Mr. Haig) if he proposed to take objection when the Minister of Transport appeared on the floor of the Senate. The leader of the opposition answered, "I do."

With that statement in view, I think it opportune and wise that I should rule now. As senators will understand, I have no alternative but to apply Rule 18A, which is now a rule of the Senate, and must guide the Speaker. Any interruption or interference when the minister arrives and is on the floor of the Senate would be entirely out of order, and I so rule.

It was unfortunate that the constitutional aspect was not discussed when the resolution was under debate last year, but if there is a feeling that constitutional difficulties are present, it is within the right of any member to give notice under Rule 23, expressing his desire to abrogate Rule 18A. This would permit him to state his objections on constitutional grounds, and give members an opportunity to debate the question.

I think, in the interest of the Senate, it would be wise to have this debate, and clarify the atmosphere before the minister comes to the Senate, if he should come, to explain the Act to amend the Canada Shipping Act.

EMERGENCY EXCHANGE CONSERVATION BILL

OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, in the course of the debate on the second reading of Bill 3, an Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources, the leader of the opposition asked me to undertake to get certain figures respecting our foreign exchange position as of January 1, 1946 and at intervals up to last November 30. I have made inquiries, and it appears that the Minister of Finance, in reply to a question asked by Mr. Bracken, tabled these figures in the other place on December 8 last. I have secured a copy of this document, which I now beg leave to lay on the table of the Senate, with the suggestion that it be incorporated in our records.

I table every document which I receive, but unfortunately all documents are not sent to me. I apologize to the leader of the opposition for having missed this particular return. If at any time he or any other honourable senator advises me that some document has been overlooked, I shall be most willing to secure copies and to table them in this house.

(*See appendix at end of today's report*)

EMERGENCY SITTINGS OF THE SENATE

MOTION

Hon. Mr. ROBERTSON: Honourable senators, with leave, I would move the resolution with respect to calling emergency sittings of the Senate which has been customary in recent years. As honourable senators know, there are times when we are not meeting and the other house is in session, and when, should exceptional and unforeseen circumstances arise, it would be of advantage if the Speaker were empowered to call the Senate. Honourable senators who live at some distance from Ottawa would be benefited if they knew that only a very brief sitting was anticipated.

I had intended to move this resolution early in the session, and I apologize for not having done so, but I overlooked it. So, with leave of the Senate, I would move:

That for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

The motion was agreed to.

PENNY BANK BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill R-5, an Act to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

Hon. Mr. HAIG: Explain.

Hon. Mr. ROBERTSON: I have not the information before me, but from a casual glance it appears to be one of the few financial bills which are within our competence to initiate.

The bill was read the first time.

Then Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next Wednesday.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: While I am not in a position to make a definite statement as to when we shall adjourn or when we shall come back, I am informed that the other house is not likely to conclude this week its labours on certain legislation that must be disposed of by both houses and receive the Royal Assent before adjournment. It is probable that we shall be here until Wednesday, the 24th, and the Prime Minister has even suggested that the business may not be disposed of before the 25th. The Senate is always willing to expedite in every possible way the work of parliament, but the last word, of course, remains with the other place. I would, however, remind the other house that legislation does not become law upon its passage there. It must also receive such careful consideration as, in the opinion of honourable senators, it requires, and due recognition should be given to this fact, and a reasonable time allowed for that purpose.

Hon. SENATORS: Hear, hear.

RIGHT HON. IAN A. MACKENZIE

FELICITATIONS ON AWARD BY EDINBURGH UNIVERSITY

On the Orders of the Day:

Hon. Mr. ROBERTSON: Honourable senators, on behalf of honourable senators on this side of the house, I desire to refer to a great honour which has recently come to our junior member, the senator from Vancouver (Right Hon. Mr. Mackenzie), who is to receive the honorary degree of Doctor of Laws from Edinburgh University.

Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: This is a recognition of his distinguished record in his *alma mater,* from which he already holds the degrees of M.A. and LL.B., and an appreciation of the outstanding services which he has rendered to this country and to the Commonwealth in the halls of Parliament in Canada.

Hon. Mr. HAIG: I wish to associate myself with the leader of the government, not to repeat what he has said, but to add that the junior member for Vancouver also rendered very fine service on behalf of Canada in the field of battle.

Hon. Mr. ROBERTSON: I thank the honourable senator for his amendment.

Right Hon. IAN A. MACKENZIE: Honourable senators, I am indeed most grateful, both to the leader of the government and the leader of the opposition, for the kindly references which they have made to the honorary degree which is to be conferred on me by my *alma mater* in my native Scotland during the course of this year.

In an unbroken tenure of representation in the Parliaments of Canada, extending over twenty-eight years, I have established valued friendships in every party represented in the other place and in this house. In my judgment, based upon a fair amount of parliamentary experience, all the parties in the other house, and certainly both parties in this house, are well led. I have the greatest admiration for the quality of leadership evidenced in both our houses.

May I say a word by way of reminiscence? I know honourable senators will take it kindly. I should like to pay a personal tribute to the man under whom I served and who soon will

be relinquishing the reins of office, and to express a word of admiration of the colleagues with whom I worked. Judged by his mastery of the problems of administration and of government, the present Prime Minister, in my humble judgment at least, is, if not the greatest, one of the greatest Prime Ministers Canada has ever had. I am sure that, upon his retirement from the active life which he has led in the public spheres of our Dominion, all of us, regardless of our political leanings, wish him many years of health, of peace, and of sweet content.

I have a great admiration for the traditions of the Senate, and it is because of these sentiments of regard that I appreciate so much what has been said here tonight.

As I go back to the old *alma mater* and see that grey quadrangle of the University of Edinburgh—it is exactly forty years ago since I entered its portals—I shall recall the kindly references which the leaders have made on behalf of both parties tonight.

SENATE COMMITTEES

DATES OF MEETING

Hon. Mr. ROBERTSON: Honourable senators, the dates appearing on the back of today's Order Paper, which indicate that the Standing Committee on Banking and Commerce is to meet tomorrow and the Standing Committee on Canadian Trade Relations on Wednesday, should be reversed. The transposition is in no way the fault of the Clerk of the house, but of a culmination of circumstances. The Canadian Trade Relations Committee is to meet tomorrow morning, and the Committee on Banking and Commerce on Wednesday morning. I think notice has been sent to the members of the Canadian Trade Relations Committee accordingly.

Hon. Mr. HAIG: I regret that I shall be unable to attend the meeting of the Committee on Canadian Trade Relations tomorrow. Twelve men were appointed to the Standing Committee on Divorce, but at times it is difficult to have even six members present at its meetings. If the honourable senator from Westmorland (Hon. Mr. Copp) and myself do not attend tomorrow, only four members will be left, so we have to be present.

I would ask the honourable leader opposite, in so far as the committee on Trade Relations is concerned, to consider following the procedure adopted in another place and dividing the resolution so that the Geneva agreements and the British preference may be discussed separately.

Hon. Mr. ROBERTSON: I can assure my honourable friend that, as soon as I have ascertained the proper procedure to be followed, I intend to ask this house to take action along the lines suggested.

PRIVATE BILL

SECOND READING

Hon. J. F. JOHNSTON moved the second reading of Bill P-5, an Act to incorporate Canadian Co-operative Livestock Packers Limited.

He said: Honourable senators, in rising to move second reading of this bill I wish to say that I believe this is the first time a bill of this nature has been before this house.

The bill is entitled "An Act to incorporate Canadian Co-operative Livestock Packers Limited." In 1944 the Horse Co-operative Marketing Association Limited was organized and incorporated under a statute of the province of Saskatchewan. It carried on under that statute until the present time, but it has grown to such an extent that it needs more scope. As the company is receiving surplus horses from the three prairie provinces and British Columbia, and from as far east as Fort William, Ontario, it is necessary that it ask the Dominion Parliament for incorporation.

I have here a lengthy memorandum, but as I intend to move that this bill be referred to the Standing Committee on Natural Resources, I do not think it is necessary to read the memorandum now.

Hon. JOHN T. HAIG: Honourable senators, the honourable senator from Central Saskatchewan (Hon. Mr. Johnston) spoke to me about this bill the other day, and I asked him to get an opinion from our Law Clerk with respect to it. I suggested this because this is a new type of bill; at least, I can find no record of this house ever passing a bill regarding co-operatives. It has always been the practice of this house to get uniform bills, such as in the case of the Insurance Act and the Loan Companies Act. The proposer of this bill very kindly secured the opinion of the Law Clerk, and it would seem that he has no objection to what is proposed by the bill; but he raised a point which I think would be of interest to honourable senators: he said he would like the Under Secretary of State to see that the company is not given greater powers than would be given under the Companies Act. The Law Clerk was of opinion that this company could not be incorporated under the Companies Act and would have to secure a special act. He expects that he will

have the opinion of the Under Secretary of State tomorrow, and will be able to pass it on to the committee.

However, in the case of private bills there must be seven days' notice given in this house, and that rule might result in considerable delay. I suggested that if the Under Secretary of State was of opinion that the bill came under the Companies Act, I would consent to the rules being waived in order that it could be brought before the Standing Committee on Private Bills prior to adjournment.

I am in favour of the bill being read a second time now.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. JOHNSTON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. A. K. HUGESSEN moved the second reading of Bill Q-5, an Act respecting the Canadian Marconi Company.

He said: Honourable senators, this is a very simple bill. It is designed to give the Canadian Marconi Company, which was incorporated by a special Act of parliament, the same powers to sell any part of its undertaking which are conferred automatically upon companies incorporated under the Companies Act by letters patent.

The reason the Canadian Marconi Company wishes to obtain the power to sell any part of its undertaking is that it carries on a number of diverse activities. For one thing, it operates a worldwide radio-telegraph and radio-telephone service, the sending station being located in Drummondville, Quebec, and the receiving station at Yamachiche, Quebec. That is one branch of the company's activities. Then in Montreal it has a plant for the manufacture of radio equipment, and it also operates a radio station.

More than two years ago the government of this country announced that, as a result of an interimperial communications conference held at London in the summer of 1945, it would ultimately seek to obtain public ownership of this overseas radio-telegraph and radio-telephone service, as part of an agreement between the different countries of the commonwealth for the nationalization of inter-imperial communications. It is necessary, therefore, for the Canadian Marconi Company to have power to sell its radio-telegraph and radio-telephone service to the government, when the time comes. As I have said, the company is seeking in this bill nothing but the same powers of sale of a part of its undertaking as are automatically conferred upon every company that is organized by letters patent under the provisions of the Companies Act, inasmuch as it is a matter affecting communications.

I would suggest that the bill, if given second reading, be referred to the Standing Committee on Transport and Communications.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

Official Holdings of Gold and U.S. Dollars at the end of each month from December 31, 1945, to November 30, 1947, inclusive.

('000,000 omitted)

End of Month	F.E.C.B. & Bank of Canada	Dominion Government	Total
December, 1945 ..	1,275·9	232·1	1,508·0
January, 1946 ...	1,307·5	110·7	1,418·2
February	1,353·4	124·8	1,478·2
March	1,498·5	140·2	1,638·7
April	1,522·5	122·2	1,644·7
May	1,505·5	161·3	1,666·8
June	1,488·7	135·5	1,624·2
July	1,507·7	95·4	1,603·1
August	1,501·7	61·4	1,563·1
September	1,486·6	30·8	1,517·4
October	1,431·9	22·3	1,454·2
November	1,324·9	25·2	1,350·1
December	1,222·3	22·6	1,244·9
January, 1947 ...	1,121·4	21·7	1,143·1
February	935·5	22·2	957·7
March	788·3	23·0	811·3
April	674·5	25·8	700·3
May	678·6	31·8	710·4
June	652·6	13·3	665·9
July	637·6	13·6	651·3
August	655·0	13·1	668·0
September	602·4	13·1	615·4
October	517·6	9·0	526·5
November	467·1	13·1	480·2

THE SENATE

Tuesday, March 16, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

On the Orders of the Day:

SENATE PROCEDURE

PARTICIPATION BY MINISTERS IN SENATE DEBATES

Hon. JOHN T. HAIG: Honourable senators, before the Orders of the Day are called, I rise in my place on a question of privilege and again protest against the calling of any person, other than a senator, to appear and speak in this house.

The Hon. the SPEAKER: My honourable friend (Hon. Mr. Haig) is entirely out of order, and I am surprised that he should take such a position at this time.

CANADA SHIPPING BILL

SECOND READING

On the Order:

Second reading of Bill E-5, an Act to amend the Canada Shipping Act, 1934.

Hon. WISHART McL. ROBERTSON (Leader of the Government) withdrew from the Senate, to return accompanied by Hon. Lionel Chevrier, Minister of Transport, whom he presented to His Honour the Speaker and then escorted to a seat in the chamber.

The Hon. the SPEAKER: Honourable senators, I think it is proper and fitting for me to tender a welcome to the Honourable Mr. Chevrier, Minister of Transport, and to thank him for coming to this chamber. He is the first minister of the Crown to come here to present legislation since the amendment of the rules of the Senate last session. I believe that honourable members of this chamber are hopeful that this innovation will bring other ministers to the Senate with their legislation. We believe that this practice, if established, will draw the two branches of parliament more closely together and foster a confidence between them that will be in the public interest, and that it will also facilitate the work of the ministry and the work of parliament.

I thank you, Mr. Minister, for your courtesy in coming to us today.

Hon. Mr. ROBERTSON moved the second reading of the bill.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, first may I say to you how grateful I am for the very kind and cordial welcome which you have extended to me on behalf of yourself and honourable members of the Senate? I should like you, sir, and honourable senators, to know that I deem it not only a privilege but a great honour to have the opportunity of introducing and discussing in this chamber legislation having to do with amendments to the Canada Shipping Act. If I am properly informed, this occasion is one which creates a precedent. For that I am indebted to honourable senators, and at the same time deeply honoured. Without saying more, honourable senators, I should like to enter upon immediate consideration of the bill to amend the Canada Shipping Act.

The Canada Shipping Act, 1934, was enacted by parliament in that year after lengthy discussion and consideration in the Senate. Since that time it has been twice amended, first by chapter 23 of the statutes of 1936, and again by chapters 6 and 26 of the statutes of 1938. The present bill proposes further amendments.

As honourable senators know, the Canada Shipping Act is divided into sixteen parts, each having to do with a particular phase of maritime law. The proposed amendments deal with five divisions of the Act. The first has to do with the certification of officers; the second, with shipping of seamen; the third, with steamship inspection; the fourth—a new section—with fatal accidents; and the fifth, and last, with certain of the international conventions, four of which were approved at the conference at Seattle. I should like to deal with the five divisions seriatim.

Part II of the Act deals with the certification of officers. It provides that all ships shall have properly qualified masters and mates, and also makes provision for the examination and certification of these officers who man the ships. During the war years, owing to the prevailing scarcity of these officers, the government considered it advisable to pass an order in council under the War Measures Act, permitting a certain relaxation of Sections 113 and 114, and permitting the clearance of ships in pursuance of sections 132 and 133.

Perhaps I should take a moment to discuss the order in council, which is P.C. 4306, of June 17, 1941, made under the War Measures Act. The order in council was renewed pursuant to the Continuation of the Transitional Powers Act last year, and is now before parliament for a further renewal until March 31, 1949. That order in council gives the minister permission to grant to any registered ship a clearance on a voyage, even though the master or mate of such ship has a certificate of lower grade than that required by the Canada Shipping Act of 1934. The minister may also grant permission to act to a second, third or fourth grade engineer, who holds a

certificate of a lower grade than that required, subject to the one condition that the minister must be satisfied that a properly certified officer cannot be procured before the ship sails.

Section 133A as proposed by the bill enacts provisions which are substantially the same as those contained in Order in Council P.C. 4306. I should like to direct the attention of honourable senators to the fact that if parliament approves the new section 133A, it will be the same as Section 78 of the British Merchant Shipping Act, 1906. This Act gives the Board of Trade, now the Ministry of Transport, power to exempt any ship from the observance of any such requirements of the Merchant Shipping Acts. It is considered that such a provision is urgently needed at this time in view of the lack of properly qualified officers and the necessity to keep our ships moving. In fact, it is considered in the interests of the maritime industry and of the operation of ships that in cases of emergency there be some provision for relaxing the requirements contained in sections 113 and 114, 132 and 133 of the present Canada Shipping Act.

Other amendments proposed relate to Part II of the Act, dealing with certificated officers, but I shall not refer at any length to that section of the measure.

I pass on now to Part III of the Act, which provides in great detail for the shipping of seamen and the rights and liabilities of seamen. This part differentiates between seamen who ply on inland waters and those who sail the seas. It contains special provisions for the protection of seamen, who as a class have always been considered and regarded as favourites of the law. The government has given the most careful consideration to various representations made on behalf of the seamen, and has decided that certain provisions of Part III of the Act should be amended to bring the measure more into line with modern conditions of employment.

Various amendments of Part III are proposed, and I shall deal with these as quickly and briefly as possible. For instance, there is section 228A, which deals with international labour conventions. This is a new section, which gives the effect of legal authority to the four conventions established and passed at Seattle, and which the government has seen fit to introduce in these amendments. I shall refer to these conventions in greater detail later, because they form a major part of the bill.

Then there is the provision contained in section 144A for the appointment of shipping masters. Shipping masters at the moment are paid by fees of office. It is proposed to appoint them under the Civil Service Act, so that they will be paid a salary in lieu of fees.

Section 222 of the Act has to do with the disposition of the property of deceased seamen. This section has been found rather cumbersome, and it is thought advisable and wise to amend it so that, where there is no administrator or executor of a deceased seaman's estate, the department or the minister, as the case may be, may transfer the moneys or other properties belonging to the seaman to his heirs at law.

The government recognizes, too, the importance of the galley in the life and work of a seaman. Provision is made, in section 227A, to require foreign-going steamships of 1,000 tons or over to carry certificated cooks. One of the International Labour Organization conventions which is set out in the schedule to the bill also makes provision for the certification of ships' cooks; but as this convention depends on other nations for its ratification, it is considered desirable to legislate independently, so that there shall be no delay in requiring Canadian ships of this class to carry certificated cooks.

I might also mention the amendment to section 244 which deals with desertion. If this amendment is approved by parliament, the penalty of imprisonment for desertion or absence without leave in Canada will be abolished. In this respect the bill will be very similar to that of the United Kingdom. There is also a new subsection to section 244, which states that a seaman is not guilty of an offence under this section by reason only of his taking part in a lawful strike after his ship has been placed in security in a Canadian port.

There are a number of important amendments contained in the part of the bill which relates to steamship inspection. Provision is made for the inspection of classed vessels or ships; that is to say, ships that are classed at longer intervals than one year by an approved classification society such as Lloyd's or the British Corporation. The Act now provides for an annual inspection of steamships, and representations have been made that as classed ships are already inspected annually by classification society surveyors a complete dry-docking inspection of a vessel by a Canadian steamship inspector should not be required every year. After careful consideration of these representations the government has decided that steamship inspection requirements for class ships should be modified, so as to be more in line with classification rules; and the amendment to section 387 provides for an inspection of classed ships at such longer intervals than one year as the Governor in Council may prescribe. I should like to point out, however, that it is not intended to relieve

classed ships from annual inspection so far as life-saving and fire extinguishing equipment is concerned.

There are other important amendments contained in the bill that I should say a word about. They affect Part VII. Clause 1 of the bill contains a definition of "pleasure yacht" which makes it clear that such a vessel cannot be used to carry passengers as a matter of business and retain its status as a pleasure yacht exempt from annual inspection and the requirements of the Act relating to the carrying of certificated officers. The new definition of "pleasure yacht" seeks to make these yachts subject to the requirement of certificated officers, as set out in section 113 or 114, as the case may be.

Then again the same may be said of sailing ships. "Sailing ship" as defined in the Act means a ship wholly propelled by sails. Ships which are equipped with propelling machines, even though also equipped with sails, will become subject to steamship inspection. Incidentally, this amendment is in line with a special board of inquiry set up under the chairmanship of Mr. Justice Cannon, District Judge in Admiralty of the Exchequer Court of Canada, who was appointed a Commissioner under a Royal Commission to inquire into and report upon the navigation of small vessels on the St. Lawrence River.

Another important amendment relating to steamship inspection contained in the bill, authorizes the minister, acting on the advice of the Chairman of the Board of Steamship Inspection, to permit relaxations of steamship inspection requirements in cases of emergency, where such action is in the public interest.

Again I refer to another order in council, P.C. 2245, which was passed on March 23, 1942, by virtue of the War Measures Act. This order in council was extended under the Continuation of the Transitional Powers Act, and is again before parliament for a further extension to March 31, 1949. This order in council has to do with the exemption from steamship inspection in certain circumstances. The Chairman of the Board of Steamship Inspection is authorized to relieve the owner of any ship from compliance with the provisions of part VII of the Act, which deals with steamship inspection. Of course, if he considers it necessary to relieve the shipowner from compliance, he must be satisfied that the ship is seaworthy. Had it not been for this provision, it would have been impossible during the war, and even after, to carry out the intention and meaning of the Canada Shipping Act.

I wish to point out that section 488A is the section which will, in effect, enact the provisions of Order in Council 2245. This section is modelled along the lines of a section in the 1906 Merchant Shipping Act of the United Kingdom, which gives the Ministry of Transport power to dispense with the observance of any requirement of the Merchant Shipping Act of that country.

The fourth part of the bill is new and contains amendments relating to fatal accidents. In the various provinces of Canada today an ordinary workman—I am not referring to a merchant seaman—is entitled to Workmen's Compensation in case of injury, and his dependents are entitled to compensation in case of his death. There is also provision in the Fatal Accidents Act of the province of Ontario which enables the dependents of a worker who has been killed to institute an action against a third party, if the third party has been negligent; and if there is a difference between the amount of damages awarded and the amount of the Workmen's Compensation, the dependents have the right to select whichever is the greater of the two. This new section is introduced so that the dependents of a seaman who has been killed may institute an action *in rem* against the ship. It is the feeling of the government that this is a desirable amendment. At the present time there is no provision in the Act that entitles the dependents of a person who has died as the result of injury caused by a ship to take proceedings *in rem* against the ship. It has been held that the Exchequer Court on its Admiralty side has no jurisdiction to entertain an action *in rem* in respect of fatal accidents. This provision is to remedy that defect in the law, and to enable dependents of deceased persons to take proceedings *in rem* in the Court of Admiralty in any case where the deceased person would have had the right to maintain an action if death had not ensued.

The schedule to the bill has to do with international labour conventions, and sets out four conventions which the government proposes to ratify and make effective by regulations of the Governor in Council. These conventions are the Medical Examination (Seafarers) Convention, 1946; the Certification of Able Seamen Convention, 1946; the Food and Catering (Ships' Crews) Convention, 1946; and the Certification of Ships' Cooks Convention, 1946.

The convention concerning the medical examination of seafarers provides that no person shall be engaged for employment in a seagoing vessel unless he holds a medical certificate attesting to his fitness for the work for which he is to be employed at sea. Certain small seagoing vessels of certain classes are exempt from the provisions of this convention. This convention also provides that each government is to prescribe the nature of the medical examination to be

made and the particulars to be included in the medical certificate, and also the period during which the certificate remains in force. The medical examination of seamen is not provided for by virtue of any section in the Canada Shipping Act as it stands today.

The convention concerning the certification of able seamen provides that no person, other than an officer or leading or specialist rating, shall be engaged on any vessel as an able seaman unless he is deemed to be competent to perform any duty which may be required of a member of the crew serving in the deck department, and unless he holds a certificate of qualification as an able seaman. This convention also provides that each government shall make arrangements for the holding of examinations and the granting of certificates of qualification, and that no person shall be granted a certificate unless he has reached the minimum age as fixed by each government, which shall not be less than eighteen years, and unless he has served at sea in the deck department for a minimum period fixed by each government, which shall not be less than thirty-six months and has passed an examination of proficiency. Certification of able seamen is also not required under the Canada Shipping Act as it now stands, the Act providing only that a seaman shall not be entitled to the rating of A.B. unless he has served three years at sea.

The convention concerning food and catering for crews on board ship provides for the promotion of a proper standard of food supply and catering service for crews of seagoing vessels which are engaged in the transport of cargo and passengers for the purposes of trade. The convention contains many provisions designed to ensure proper food supply and catering services for seamen on seagoing vessels.

The convention concerning the certification of ships' cooks provides that no person shall be engaged as a ship's cook on a seagoing vessel unless he holds a certificate of qualification, and that each government shall make arrangements for the holding of examinations and the granting of certificates. The existing provisions of the Canada Shipping Act do not require certificated ships' cooks.

These four conventions apply to seagoing ships and would not affect the operation of ships which ply on inland waters, except possibly in respect of the engagement of an able seaman, who, being an inland waters sailor, wished to be rated as an A.B.

Honourable senators, in this brief review of what the government regards as a very important bill, I have attempted to outline the cardinal points of the main amendments. There are of course a large number of other sections which I have not seen fit to deal with today, but which are of a more or less important nature and which honourable senators will have an opportunity of discussing in the committee to which the bill may be referred. The Canada Shipping Act is a complex measure, and requires a good deal of study in order that one may become familiar with the many and varied provisions that constitute the basis of our maritime law.

In conclusion, I may say that the government has carefully considered the varied and numerous representations which were made by organizations interested in the welfare of our merchant navy and the seamen who man the ships. I do not think, honourable senators, that this Act should be changed drastically, as some would advocate. It is the result of many years of experience in the operation of merchant ships, which are different from any other kind of transportation. The experience of the years should not lightly be cast aside if the shipping industry of this country is to prosper. The amendments contained in this bill are designed to strengthen the industry, and to help the seamen who go down to the sea in ships that fly the Canadian flag.

Again, sir, I extend to you my thanks.

Hon. G. P. CAMPBELL: Honourable senators, I should like to add a few words to what the honourable minister has said with respect to this bill. Before doing so, though, I wish to congratulate him upon the clear and concise way in which he has reviewed the bill.

It may interest honourable senators to recall that the Canada Shipping Act, 1934, is a product of a committee of this house. Before the passage of the Statute of Westminster it was not possible for the Canadian Parliament to enact its own shipping laws without approval of the Imperial Parliament. After the Statute of Westminster was passed a committee was set up in London to study the shipping question, and later a departmental committee here drafted a bill, which was presented to the Senate in 1933. That bill was referred to the committee on Banking and Commerce, where some question was raised as to certain provisions of the bill which affected British consuls and other officials. After consideration it was decided that those provisions were beyond the powers of the Parliament of Canada, and the bill was withdrawn.

The next year, 1934, another bill was introduced into this house and referred to the Banking and Commerce Committee, which

appointed a subcommittee to give detailed consideration to the measure. I may say that at that time it was regarded as one of the most important undertakings by any committee of parliament up to that time, and I do not think any committee has ever had a more difficult job. The shipping laws of England were embodied in many statutes—about twenty-five, if I remember correctly—the principal Act being the Merchant Shipping Act of Great Britain. It was the purpose of the government at that time to attempt to codify the law, and the result has been very satisfactory. The committee in charge of the bill heard representations from shippers, vessel operators, labour unions and everyone having any concern with the proposed law.

The committee which undertook this work just fourteen years ago sat through the Easter recess. Honourable senators will realize that even a vacation should not deter the members of this house when there is work to be done. I had the privilege of representing some of the Great Lakes interests before the committee, and I can assure honourable senators that the work was thoroughly and completely done. I think that is well evidenced by the fact that the Canada Shipping Act has been amended on but two occasions, and in each instance only slightly.

Shipping legislation is more important today than it was at the time the Act was passed. At that time Canada did not have a deep sea mercantile marine, although we had a few vessels operating in the coastal trade, and the Great Lakes fleet, which has been in existence for a very long time. But today we have a mercantile marine composed of vessels recently built by the government and operated by the Park Steamships during the war. These vessels have been sold to private interests now engaged in ocean transport, both in the tramp trade and in regular service between ports.

Honourable senators will realize that it is extremely important to Canada to have a mercantile marine. Canada is now recognized as a great trading nation, and no trading nation can exist without her own mercantile marine.

Probably the best illustration of foresight in this respect was shown by Germany in the early part of this century. At that time she had practically no mercantile marine, and the extreme importance of having one became apparent to her. The German government at that time undertook a program for the building of ships, and in a short while had built up a sizeable mercantile marine. In Canada, unfortunately, there are not the experienced officers and men that there are in many other countries. The Honourable Minister of Transport has referred to this fact, and an amendment to the Act is proposed which would enable steamship inspectors to clear ships under extreme conditions when officers holding the proper certificates are not available.

Another feature which is confronting the steamship interests today is the tremendous power which the unions of this country have over the operations of ships. As the honourable minister has said, the shipping laws in every country have always favoured the seamen. In the passing of the laws of Great Britain and all other maritime countries, great care has been taken to see that adequate protection is given to seamen. The unions which now represent the seamen in this country unfortunately have little respect for the Canada Shipping Act. Only a few weeks ago an official of one of the unions told me that the union did not pay any attention to the provisions of the Canada Shipping Act. I think that is rather unfortunate. I am sure it is not the feeling that exists among the men who serve on our ships today. It is a fact that within these unions there are certain elements which have little respect for the provisions of the Canada Shipping Act, and even less respect for the other laws of this country.

It is extremely important at this time that we should have an Act which is fair and firm, and which will be strictly administered, as all laws should be.

As I have said, the shipping industry is greatly concerned about the attitude of the unions today. The problem is not one of rates of pay, hours of work or conditions of employment, but rather of the attitude of many of the men serving on Canadian ships, particularly deep sea vessels. Some have an utter and complete disregard for the maintenance and proper care of the ship and the fulfilment of their duty as seamen. That condition can probably be expected to some extent in a new and growing industry of this kind; but I submit that it is the duty of the union leaders, who represent the seamen and are extremely well paid, to try to educate the men and make them realize that the tradition established by British seamen should be carried on in Canada.

Shipping in Canada today is carried on under certain difficulties, but the government has done everything possible to encourage and develop the industry. While the class of ships acquired from the Park Steamships are not the most modern, they were purchased on favourable terms, with a generous allowance for depreciation. Everything has been done to build up a Canadian mercantile marine.

It is quite impossible, however, for the government of any country to build up an adequate fleet if it does not get the help and co-operation of officers and seamen.

The ships acquired by the private interests operating in Canada were sold subject to the condition that they be operated under the Canadian flag. That, I think, was a proper condition to impose. It is hoped that during the course of the next few years Canada may be able to modernize her fleet, and that some of those engaged in the shipping trade will be able to build up new tonnage. But it will not be possible to build new tonnage or to operate it under the Canadian flag, unless there is built up a personnel that is willing to serve as the personnel of British ships serve.

Hon. Mr. HAIG: May I ask the honourable gentleman if there is any provision in these amendments for overcoming the conditions which he refers to?

Hon. Mr. CAMPBELL: In answer to the honourable leader opposite, I may say that I think there is adequate provision in the Act to deal with that situation. Of course in the final analysis it comes down to the attitude of the individual aboard his ship. There are provisions under the Act whereby the master can discipline his men and deal with situations as they arise; but, unfortunately, as soon as anyone is disciplined, the leaders of the unions take issue with the captain and thus rob him of any power he has. That is the unhappy situation at the present time.

I do not find fault with the majority of Canadians who are serving on our ships today. There are many officers and men who have a keen desire to build up the industry. On the other hand, there are others who are equally anxious to destroy the industry, who will not carry their share of the load in serving on these vessels, and who are backed up in their attitude by the leaders of the unions to which they belong.

I mentioned a while ago the rates of pay received by the men on these vessels. We often read in the union papers that seamen are underpaid and overworked, and that they are discriminated against in comparison with workers ashore. If honourable senators will bear with me for a minute, I will put on the record a tabulation of the rates of pay reported by the National Federation of American Shipping, and published on June 23, 1947. It sets out the wage rates of seamen on the United States east coast, and of foreign unlicensed personnel.

Monthly Wage Payments

Nation	Basic		Estimated total	
	A.B.	Cook Chief cook	A.B.	Cook Chief cook
U.S.A.	$191.99	$228.17	$290.00	$340.00
Canada: 1947	150.00	180.00	170.00	200.00
1948	170.00	200.00	200.00	230.00
U.K.	96.00	110.00	103.00	117.00
Norway	101.00	115.00	108.00	122.00
Sweden	86.00	92.00	115.00	120.00
Denmark	85.00	98.00	90.00	103.00
Netherlands	74.00	93.00	80.00	100.00
France	79.00	94.00	92.00	107.00
Greece	112.00	144.00	117.00	150.00
Yugoslavia	84.00	89.00	87.00	92.00

It will be seen that, of the various nations listed, the United States shows the highest wages, both basic and total.

Hon. Mr. HAIG: May I interrupt the honourable senator, because I am sure that a number of other senators do not understand those figures. Are they applicable to the twelve-month period or to a seasonal period?

Hon. Mr. CAMPBELL: These are deep-sea wages for a year-round period. In addition to the money wage, these men receive board and lodging and other provisions. Canada's wage rates come next to those of the United States.

Hon. Mr. ROEBUCK: Is not the Canadian Great Lakes schedule seasonal, and are not the rates which the honourable gentleman has given as being applicable to the subnormal labour of Europe, referable to year-round employment?

Hon. Mr. CAMPBELL: Apparently the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) did not hear my answer to the question which was asked by the honourable leader of the opposition. I am now speaking entirely of deep-sea operations, which provide year-round employment. In further answer to the honourable senator's question, in the last union agreement negotiated with deep-sea unlicensed personnel there

was a provision that the wage was for continuous employment. So far as Great Lakes operation is concerned, that is an entirely different matter, and I have left it out. I am speaking now of the deep-sea, foreign-going vessels and those engaged in coastal service.

Hon. Mr. ROEBUCK: Is it because of this differential in rates that some of the ships which ply the Canadian routes get their men, including the subnormally paid men of India, in these other countries to which my honourable friend has referred?

Hon. Mr. CAMPBELL: That is not so. The men are engaged in Canada; and under the provisions of the union agreement any men who in the case of necessity are engaged elsewhere must be returned whence they came. I may illustrate this. Recently two men deserted from the crew of a ship which was operating to some country to the south, Mexico I believe. The master signed on two men whom he found there, and when he returned the union refused to admit them as members, and they had to be sent back to the port where they were recruited. This happened by reason of the closed-shop agreement, if it may be so termed, with the unlicensed personnel.

As I have said, the rates of pay which I have read show that the Canadian rates are the second highest in the world. Last November, it will be noted, a new agreement was negotiated which increased the basic rate of pay of the able-bodied seaman in Canada to $170, and that of the chief cook to $200; overtime has been increased for the able-bodied seaman to 80 cents an hour, and for the chief cook to 90 cents an hour.

As far as the seamen are concerned, the rate of wage is not an outstanding subject of complaint. To a large extent we follow the pattern of the United States: when wages increase there they are almost certain to increase here. But we are engaged in a world trade in which we must compete with ships operating under the flags of Norway, Sweden, the United Kingdom and other countries, where the operating costs are much lower than in Canada and the efficiency of the personnel is much higher. That is a problem we have to face, and I feel that it is one which must be forcibly brought to the attention of the leaders of the union.

I am sure that all who are engaged in the operation of vessels either on the Great Lakes of Canada or on the deep sea are in favour of a high rate of pay; but also they wish to see efficiency of operation and a willingness among the individuals concerned to do their share to help build up in this country an adequate mercantile marine. If they do not take that attitude, it will not be very many years—in fact it may not be many months—before the Canadian mercantile marine will pass out of existence altogether. I say that because today there is the keenest competition for freights. Within the last few months the rates have dropped. Lower rates and the greater tonnage which is sure to appear on the oceans will bring keener competition; and with higher costs it will not be possible for the operators to replace their present tonnage with new tonnage or to continue operating under the Canadian flag. It seems to me that the whole matter is more or less in the hands of the union, and so long as it persists in its attitude of the last few years I am not very hopeful of a good Canadian mercantile marine.

I feel that most of the amendments to this bill are improvements to the general law and bring it pretty much in line with the Merchant Shipping Act of England.

Hon. Mr. HAIG: May I ask the honourable senator if he could give us in a few words the history of the United States merchant shipping following the First Great War, especially in relation to world competition?

Hon. Mr. CAMPBELL: I am not an authority on this subject and would not like to make a definite statement. I feel, however, that their operating costs increased to such an extent that when they were confronted by competition from the United Kingdom and other maritime nations, they were unable to continue operating their ships. It is a fact, of course, that the United States pays a subsidy to make up the difference between the cost of building ships in that country and building them in some other countries. A subsidy is also paid in respect to operating costs, but I am not too familiar with these details.

In conclusion, honourable senators, let me say that if Canada is to build up its mercantile marine there will have to be closer co-operation between shipowners, operators, labour, and government, and until this co-operation is obtained the industry will be in constant turmoil.

I am pleased with some of the amendments made by this bill. I think they improve the general law and bring it pretty much into line with the Merchant Shipping Act of the United Kingdom. I would suggest that when the bill goes to committee, everyone concerned should be given an opportunity to discuss the amendments and the law in general. There is no doubt that representatives of all parties vitally interested in the success of this industry would like to be heard. Again I may say

that I am sure every senator here is very grateful to the Minister of Transport for explaining this bill to us; and since we are the fathers of the present Canada Shipping Act, we should be able to do a good job on this bill.

Hon. Mr. FARRIS: I should like to ask the minister if the government has given any consideration to representations made with respect to qualified radio operators, particularly those on coastal service?

Hon. Mr. CHEVRIER: My recollection is that the government has; and if my memory serves me correctly, there is no amendment covering them.

Hon. Mr. GOUIN: I wonder if I might ask the minister to clarify one matter to which passing reference has just been made by the senior senator from Vancouver (Hon. Mr. Farris). Under the previous Act coastal navigation, or "cabotage" as we say in French, was not reserved for ships of Canadian registration. Am I to understand that we abide by the previous system, or has there been any change made in that respect?

Hon. Mr. CHEVRIER: It is my understanding that the bill does not make any change.

Hon. J. J. KINLEY: Honourable senators, I should like to say a word of appreciation on this, the first occasion on which a minister has come to the Senate to explain a bill. It is an innovation that I am sure will bring good results and increase co-operation between the two houses of parliament. In the past they have sought to remain separate. As honourable senators know, this has been so to such an extent that we have referred to the House of Commons as "the other place". I feel that the time has certainly arrived for closer co-operation.

I am pleased that the young and talented Minister of Transport is the first minister to explain a bill in this house, and I am also pleased that a bill to amend the Canada Shipping Act should be the first piece of legislation to come before us in this manner.

The Canada Shipping Act is national in its scope and international in its aspects. This bill, therefore, covers matters that are of concern to countries beyond the seas as well as to our own. We who come from the Maritimes feel that the comradeship of the sea is the most sincere comradeship of all, and that seamen are always able to get along well with their fellowmen. In going to foreign countries and dealing with people of different nationalities and ideas, shipmasters, shipowners and ordinary seamen must conform to customs that do not always meet with their approval. This serves them well in giving them a better understanding of others.

I thought that in his peroration the honourable minister was rather too generous in his reference to the Canadian merchant marine. He spoke of men who go down to the sea in ships that fly the Canadian flag. Unless the situation has recently changed, it is my impression there are no Canadian ships. They are British ships of Canadian registry, and I believe the flag they fly is the British merchant marine flag with, possibly, a maple leaf on it.

So far as our merchant marine is concerned—I say this in a spirit of co-operation to this honourable chamber—Canada is not standing on its own feet as it should. I have in mind the merchant shipping agreement that was passed concurrently with the Statute of Westminster. It seems to me that under that agreement the privileges given to people outside of Canada were too great. Let us look at the policy followed by our neighbours to the south. The United States protect their nationals in their coastal service, and their merchant marine is for Americans. It would appear that the so-called Canadian merchant marine is too open to competition from countries with low standards of living. This situation is unfair, and arises largely from the fact that the merchant shipping agreement has been continued. I feel that Canadian seamen, officers and men, should have priority over all others in our coastal trade.

Hon. Mr. CAMPBELL: May I ask the honourable senator a question? What does he refer to particularly when he says that Canada opens her shipping trade to all nations?

Hon. Mr. KINLEY: I suppose my honourable friend knows about the merchant shipping agreement passed concurrently with the Statute of Westminster.

Hon. Mr. CAMPBELL: Yes, I am familiar with it.

Hon. Mr. KINLEY: Well, if my honourable friend would read that he would agree with what I say.

Hon. Mr. CAMPBELL: I did not understand the statement that we open our coastal trade to all ships. We open it to British ships.

Hon. Mr. KINLEY: And also to ships of countries with which Britain has certain agreements. If the honourable senator would read the last paragraph of the merchant shipping agreement he would see that that is so.

Hon. Mr. CAMPBELL: It is a reciprocal arrangement.

Hon. Mr. KINLEY: Yes, with Great Britian and other countries. For instance we find their ships carrying coal to Montreal, and as far inland as ports on the Great Lakes.

Hon. Mr. CAMPBELL: My honourable friend surely knows that that is not coasting. United States ships are not permitted to coast in Canada.

Hon. Mr. KINLEY: I know, but under the British merchant shipping agreement, European ships are allowed to do coasting in Canada.

Hon. Mr. CAMPBELL: No, they cannot.

Hon. Mr. KINLEY: I differ with my honourable friend, notwithstanding that he is a legal authority.

Hon. Mr. DUFF: You are quite right.

Hon. Mr. KINLEY: Another thing that occurs to me as being detrimental to our merchant marine is that it is interlocked with the Canadian National Railways. After the First Great War, when the Canadian National Railways were running into deficits and wanted to dispose of assets that would bring in cash, they found that they could sell their ships. In our missionary efforts to build up trade abroad we used those ships all over the world for years at a deficit; but as soon as they began to pay a profit they were sold at very low prices to foreign countries.

Let us not forget, honourable senators, that if we want to build up a great export trade, we should control the carrying of our own goods. A shipping ring in another country could do great harm by discriminatory freight rates. I said at the time of the sale of the ships that it was a bad thing, and that claim has been justified by results. The directorate of the Canadian National Railways is not marine-minded. The business of the directors is to run a railroad. It seems to me that if we are to have a successful merchant marine it should be controlled by men who want to see it succeed against all other forms of transportation. I have heard people say that the Canadian National Steamship Services should be handed over to private enterprise, because then the ships owned by this country would receive business from our two great railroads instead of from the Canadian National only, as now. Honourable members can well see that from this point of view it would be a good thing if the Canadian National steamships were divorced from the Canadian National Railways.

While on the subject of Canadian ships I might point out that the Canadian Pacific operates a great steamship company. But it is not a Canadian company; it is a British company.

Hon. Mr. ROEBUCK: Registered in Britain.

Hon. Mr. KINLEY: Yes, registered in Britain. I have applied to the Canadian Pacific steamships, asking them to give men positions, and I have been informed that this matter was controlled in London. They take advantage of the great supply of labour available in the Orient and in other parts of the world.

Merchant shipping will be one of the important factors in the future of this country. We talk about improving the St. Lawrence waterways, so that ocean-going ships will be able to travel to the centre of Canada. Bearing in mind that Nova Scotia and the other Maritime Provinces are midway, by sea, between the Gulf of Mexico and the head of the lakes, I submit that we should strive for reciprocity with the United States in coastal shipping, so that our coastal trade may expand and make more employment available for our seamen. I cannot conceive of Canada undertaking the development of the St. Lawrence waterways jointly with the United States, unless we can get the United States to agree to reciprocity in the coastal trade. There was a time when our ships could take cargoes of fish to Puerto Rico and Cuba and bring back sugar, molasses and so on to Boston. That was a very profitable business, but now Canadian vessels are not permitted to carry a cargo between one American port and another or between Cuba and the United States. That restriction has had a bad effect on the coastal trade of eastern Canada.

The bill provides for appointment of shipping masters. I may say that in the smaller ports on the eastern seaboard nobody wants to be a shipping master or a harbour master now, because there are no fees to speak of. When I was a member of the other house I recommended to the department that in so far as possible the positions of customs officer and shipping master in every small port should be held by one man, and I still believe that this combination would be of great benefit to the shipping interests. I hate to see a captain who is eager to ship a crew having to go fifty miles to find a shipping master or a customs house.

The minister referred to an amendment to facilitate compensation when a seaman suffers a fatal accident. Years ago I had a great deal to do with making compensation available to fishermen. There was a lot of opposition to that, for it was said that fishermen operated on shares and therefore were not entitled to be made beneficiaries of legislation of that kind. As I recall the arrangement

that we put into effect, a seaman was compensated for injuries received in an accident, without regard to who was at fault, and in return he surrendered his common law rights to institute an action. I believe that for this purpose the machinery of the provincial workmen's compensation board was used. I must point out to the minister that the innovation provided for in this bill might lead to litigation, which would be a bad thing.

Hon. Mr. CHEVRIER: Mr. Speaker, may I be allowed to interrupt the honourable senator?

Hon. Mr. KINLEY: Yes.

Hon. Mr. CHEVRIER: I wish to point out that this bill has nothing to do with compensation for merchant seamen. It introduces into the Act a new part dealing with fatal accidents. Compensation for merchant seamen was provided for in an Act passed last session.

Hon. Mr. KINLEY: This bill would not affect a seaman's rights to compensation for injury?

Hon. Mr. CHEVRIER: Not in the slightest.

Hon. Mr. KINLEY: This provides additional means of securing compensation?

Hon. Mr. CHEVRIER: Yes.

Hon. Mr. KINLEY: That is all right.

The minister referred to an amendment which requires that yachts carrying passengers must have certificated officers. There should be some statement as to the minimum size of yacht affected by this amendment. You would not expect a man sailing a yacht of forty or fifty feet to have the same certificate as a master of a sailing vessel in Nova Scotia or on the Great Lakes. A certificated captain should certainly be required only on yachts that are registered.

Another thing that the minister said was that we are now to have certificated cooks. I never heard seamen complain about their cooks, though I have often heard complaints about the grub.

Hon. Mr. DUFF: The seamen want oleomargarine.

Hon. Mr. KINLEY: I would rather see them able to eat butter.

I frankly tell the minister that during my parliamentary career it has been my experience that the law always went faster than educational facilities. During the years of the war the government established three or four splendid schools in Nova Scotia to educate merchant seamen. They were good schools, the merchant seamen were educated and their progress towards becoming officers was speeded up. But I want to tell the honourable minister that the Canada Shipping Act, for some years after it was invoked, worked hardship on practical seamen. I recall once I got special permission and we passed fifty men in one day at Lunenburg. I got an inspector to come to Lunenburg and fifty captains with experience were passed in one day.

Hon. Mr. DUFF: Including one woman.

Hon. Mr. KINLEY: Following the sea is a hazardous business. Men who have other opportunities usually do not go to sea, because they know what is before them. These men do not get a complete education because, as a rule, they come from poor families and have no opportunity to go beyond the eighth or ninth grade. They get their practical experience upon the sea, and with that experience they become competent ships' masters; and operate their ships efficiently. Then they come up against the Canada Shipping Act, and find that under the provisions of the Act they have to give way to somebody who comes along with a nice certificate. The experienced seamen have to go on the beach while the other fellows take their jobs. They do not like that at all. We in the Maritimes feel that adequate educational facilities for seamen should be provided. True, we have our navy cadet corps, which are of some value in teaching our boys about the sea and seafaring, but we should have some facilities for teaching the young people that the sea is a noble profession and not an occupation pursued only by those who have no other opportunities.

I believe that if we get our seamen started right we will not have the spectacle of officers of the merchant marine striking for higher pay. It seems to me that men who have been certified by the Government of Canada to be efficient in their work should find some better way to settle the differences between themselves and the ship owners. I am all for the seamen getting as much pay as they can, and I do not think they are overpaid. True, during the war years the seamen did get big pay; but they deserved it. The merchant marine was a profitable business then, and no one lost much money in it. With the hazards they have to face, seamen deserve big pay. They also deserve to go up in rank. In this way better men will be attracted to the service.

It does seem to me that the amendments to the Shipping Act should be considered not only on the basis of its administration by headquarters at Ottawa. That is always the way these things work: public

officials want to put a blanket over the operations and control the men by means of legislation. I am concerned about seeing that the administration at Ottawa has effective legislation; but I am more concerned about preserving the liberties of the men who go to sea. They must always have a fighting chance if they get into any trouble.

The honourable senator from Lunenburg (Hon. Mr. Duff) and myself live among seamen and fishermen, and we know some of their problems. My father was a fisherman and a sea captain. We were a family of ten. Early in my youth I learned about the problems of seamen, and I have never forgotten. The strength of this country largely depends on the strength of the men who bear the burdens in the lower strata of our endeavours; and the men who have gone to sea from the Maritime Provinces have done noble service.

When the legislation affecting veterans was brought in I was very sorry to see that a man who spent most of his life upon the sea could not even qualify for the job of light-keeper or shipping master, or for a port job that naturally ought to go to a man of marine experience.

I do hope the honourable minister will see to it that when a civil service vacancy occurs which requires the qualifications of a seafaring man, legislation will not be passed to prevent him from taking the job just because he is not regarded as part of the fighting services of this country, despite the fact that the minister referred to the merchant marine as the "Merchant Navy".

All these things must be taken into account, and when this bill is in committee I hope it will receive the generous and full consideration that was given to the original Act. I hope also that we will see to it that we legislate for the people, and not just for the purpose of making it easy to control an industry such as shipping, which is so important and valuable to this country.

Hon. VINCENT DUPUIS (Translation): Honourable senators, I do not intend to hold forth at any length on this bill. I would like to make a few remarks in connection with the discussion which the honourable Minister of Transport was kind enough to initiate in this house and for which he is, as far as I am concerned, to be heartily congratulated?

Let me say first of all that when I was a member of the other house I sat on a committee known as the War Expenditure Committee, and in the course of our consideration of various matters, we often had the opportunity of calling people with a great deal of seafaring experience. Many of the members on this committee became interested in the possibility of promoting in the future, after the war—we were still in wartime then—a Canadian shipping industry able to provide transportation facilities for our exports.

An Act was enacted in 1934—I was at that time a member of the other House—a most important Act which we shall undertake to amend. Our merchant navy cannot compete with the merchant navies of other countries, particularly the European navies.

With all the respect due to the authorities concerned—in this instance, the Canadian Government—I would suggest what seems to me as being of primary importance in regard to the future of my country, in which we have hope. Our government should encourage, even by means of subsidies, shipbuilding in Canada as well as the building of numerous dry-docks from which we would launch a merchant navy efficient enough to ensure our independence of other navies in regard to our international trade. I take this opportunity to submit this suggestion and I hope it will be accepted.

I would like now to touch upon a matter of minor importance. I would suggest to our Honourable Minister of Transport, when the time comes to consolidate the Act as it stands now and which is presently before us, that he make arrangements to have the Canadian Shipping Act consolidated in a separate volume. In 1934, the government, or the King's Printer, committed a serious mistake when the Canadian Shipping Act was inserted in the 1934 Statutes, a book containing 1,500 pages. The Shipping Act which it is now the intention to amend covers nearly 500 pages. I believe that in making my suggestion I express the wishes of all the lawyers and judges of Canada.

Hon. L. M. GOUIN: Honourable senators, first of all I wish to sincerely congratulate the Minister of Transport on his clear and illuminating presentation of the bill which is now under discussion. For many reasons I rejoice and am legitimately proud that the distinguished gentleman who occupies the portfolio of Minister of Transport is the first minister from the other place to appear in this venerable house.

Referring again to coastal shipping, although not in connection with the point which I mentioned a few minutes ago, I wish to lay before the minister an observation which I hope will

be regarded as of a constructive nature. I believe that everybody, and in particular our dear colleague from Queens-Lunenburg (Hon. Mr. Kinley), will admit that shipbuilding is the oldest-established industry in Canada, particularly in those parts which were formerly known as New France and Acadia, where, in the olden time, we used to reserve for the ships of the king—*les vaisseaux du roi*—our royal oaks and our cedars. If I speak with enthusiasm about our good old ships, it is because, when young, I used to spend the summers on steamers—incidentally, very small ones—plying down the lower St. Lawrence and along the coast of Labrador and invariably coaling, by the way, at Sydney, Cape Breton. I think those were the happiest days of my life. I have always continued to love ships, remembering, for instance the type of ship which is called in English a man-of-war. For me it is something much more than mere wood or steel, it is a living creature; and I believe that anyone who has in his veins the blood of Brittany or the sister land of Wales, or of Scotland, Ireland, or any part of England, would have the same feeling. For us the ship is a cherished treasure, a part of our very being.

Hon. Mr. LEGER: "It" is a "she".

Hon. Mr. GOUIN: During the last war it was my privilege to spend a few days with our Royal Canadian Navy. I shall always remember with great emotion those days, which happened to be during a very difficult period of time. Also in 1943 I was chosen as chairman of a Royal Commission to investigate a certain number of shipyards in Quebec and Ontario. I mention that circumstance because some shipyards which had been exceedingly active during the war of 1914-18 were afterwards completely abandoned, and I saw growing in the yards at Midland, Collingwood and elsewhere, not only grass and bush, but big trees. May I suggest to the minister that under the difficult circumstances which now hang over us, when the clouds are becoming darker and darker not only from day to day, but from hour to hour, it is of real importance that we make sure that our shipyards are not again abandoned and allowed to disappear during periods of transition.

I know that just now some of our shipyards have received very substantial orders from South American countries, and also from France and Holland, for the building of ships. But the day will come when shipyards in other countries will be competing with ours, and I am concerned with the possibility that, for various reasons, our own industry will then be upon a footing of inferiority. At the beginning of this sitting the honourable senator from Toronto (Hon. Mr. Campbell) pointed to the fact that our standard of living is, after that of the United States, the highest in the world, and that consequently it costs much more to operate a Canadian ship than to operate a ship belonging to some other nation. I have already mentioned the question of our coastal shipping trade. I do not want to embarrass the minister; I am not asking any questions: I merely call his attention to the fact that the time has come to study, and study seriously, the matter of reserving that trade to ships of Canadian registry. I say that, of course, without any trace of prejudice against any other interest; but I believe it is important not only for Canada but for the Commonwealth, and even for the whole democratic world, to make absolutely sure that our shipyards are kept alive.

Hon. ARTHUR W. ROEBUCK: I wish to join with all those who have spoken in extending congratulations to my friend and former colleague in the House of Commons, who has climbed to a high peak of eminence in that assembly and now comes here as the first minister of the Crown to pass the bar of the Senate. Honourable senators will remember that I was opposed to the change which has given rise to his attendance, but only on the ground that it violated what I thought was the long-term wisdom of the principles involved. But that is past; we settled the rule; and the honourable gentleman comes here with the very warmest welcome which we can extend to him. I wish also to congratulate him on the ability with which he described the bill and gave us a bird's-eye view of its provisions.

It was not my intention to discuss the bill, because I am not prepared to do so. Rather, I await the explanation. But I am impelled to say a word because I was, I confess, just a little disturbed by some of the remarks made by the honourable senator from Toronto (Hon. Mr. Campbell). On thinking it over I felt that perhaps I should not be disturbed, because that would be only his natural viewpoint. In the first and historic strike which took place upon the Great Lakes, when the present union was recognized for the first time by the owners, and when it secured for the men who worked on the ships of our Great Lakes not only reduced hours and increased wages, but also that self-respect which comes to men when they assert and establish that they are not mere chattels in the hands of bosses, the honourable gentleman, represented the ship owners, as their solicitor, and I represented the men. Therefore he sees this matter from the employers' standpoint

while I see it from the other angle. I accord him the right to express his viewpoint, and he will no doubt accord me the right to express mine.

Both the honourable minister and the senator from Toronto referred to seamen as a specially favoured class. It is true that no class of workers are protected by statutory law as much as the men who work on ships, but I would point out to my fellow senators that this is so only because legislators found it necessary to curb the dominating brutality of shipmasters over the men who were temporarily within their power. Men aboard these floating hells that sailed our seas were regarded as mere chattels, and were treated terribly and paid the lowest wages of almost any class of labour—scarcely enough to enable them to exist. If today the schedule of wages of the Canadian seamen is as high as the honourable senator from Toronto has stated, it is because the labour unions—which, as you like, can be credited or blamed—at considerable cost to themselves asserted their rights and finally achieved a decent standard of living on the seas. Seamen were the worst-treated labourers in the entire world, and I for one rejoice if the facts presented by the honourable senator from Toronto are correct.

I am all for the seamen, and I do not think that any great sympathy should be felt for the employers. Not long ago I read in the newspapers about a Great Lakes shipmaster who in a short period of time achieved the status of a millionaire. It would not be difficult for me to name a number of individuals who rose from small beginnings to positions of great wealth. But I do not think any credit should go to the owners of the shipping industry if the seamen have achieved a standard of living that is not below that of other labourers.

My honourable friend from Toronto has referred to what he called the utter disregard and flouting of law by the labour unions. I am not going to bandy words with him or anyone else about the character of either of the contending parties, but in passing I cannot help remarking that the flouting of law and the disregard of rules of order are not all chargeable to the men. If I were put to it, I think I could tell of some flouting of the law on the part of the people whom the honourable senator from Toronto (Hon. Mr. Campbell) represented in the contest to which I have referred.

Honourable senators, I should like to compliment the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) on his very eloquent, capable and humane speech. I congratulate him on his knowledge of this subject, which has grown with him since childhood. He knows what he is talking about far better than either the senator from Toronto or the senator from Toronto-Trinity. We from Toronto have lived inland while the honourable senator from Queens-Lunenburg has lived all his life by the sea. I agree with him when he says that Canadian companies have put their ships under British registry in order that they might hire men from the Orient and other countries where wages are low. They have done this, of course, so that they may escape the higher schedule of wages and avoid providing the better standard of living maintained in this country. It is not creditable to them, but I suppose that competition drives men to do things they might not otherwise do.

This brings me to a remark made by the honourable senator from De Salaberry (Hon. Mr. Gouin) about the possibility of our shipyards closing in the event of competition. I do not know whether I have exactly interpreted his remark or not, but I believe it was to that effect. While I have every sympathy for the Maritime shipowners, the Maritime shipbuilding industry and those who sell ships, I should like to say to my honourable friend from De Salaberry that the sale and management of ships on the high seas comes under the conditions of free trade; you cannot, by a Canadian tariff, protect a ship or increase its price when it is sold on the world market. When ships leave Canadian ports and compete in ocean trade they come under free trade conditions, but when ships are bought, sold or managed in this country, they are subject to the increased costs of the Canadian tariff. My honourable friend from Queens-Lunenburg (Hon. Mr. Kinley) very recently said that he was in favour of the tariff when it helped him and was opposed to it—

Hon. Mr. KINLEY: Oh, no.

Hon. Mr. ROEBUCK: Well, pretty close to it. I accept your objection. But here, honourable members, you have a situation where the shipping industry of the Maritime Provinces is at a disadvantage and gains no advantage from the tariff. It is perhaps more than anything else the unfair conditions arising from the presence of a tariff that make it so difficult, if not impossible, to operate ships on the sea from our maritime ports.

I congratulate my honourable friend the Minister of Transport and extend to him an invitation to speak here whenever he has important legislation to introduce.

Hon. Mr. HOWARD moved the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 17, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the SPEAKER informed the Senate that he had received a message from His Excellency the Governor General reading as follows:

The Honourable
The Members of the Senate:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this address.

Alexander of Tunis.

THE LATE SENATOR MOLLOY

TRIBUTES TO HIS MEMORY

Hon. WISHART McL. ROBERTSON: Honourable senators, before the business of the house is proceeded with I should like to make a brief reference to the passing of our late esteemed colleague, Senator Molloy, of which we learned yesterday.

Senator Molloy was born on March 13, 1873, at Arthur, Ontario, the son of Irish Canadian parents. He received his education at the Emerson Public School, the Ontario Veterinary College and the McKillop Veterinary College of Chicago. In 1903 he married Frances Helen Keeley, and they had a family of five children.

The late Senator Molloy first entered politics in 1907, as candidate in the provincial election in Manitoba. He was defeated in that election, but in the general election of 1908 was elected to the House of Commons, and was re-elected in 1911 and again in 1917. The late senator was defeated in the election of 1921, and was summoned to the Senate on October 6, 1925.

In private life Senator Molloy was a veterinary surgeon, and an active member of the Knights of Columbus. He passed away on March 16, 1948, after a severe illness.

Our late colleague was a man with a wide knowledge of public affairs, and for almost forty years was a member of one or other of the two branches of parliament. He was a faithful attendant at the sittings of the Senate and of its committees, in which he frequently took an important part. His charming personality and genial manner endeared him to all, and he will long be remembered in the halls of parliament, where for many years he was a familiar figure.

Hon. JOHN T. HAIG: Honourable members, I do not propose to refer to the life history of the late Senator Molloy, who has been known to me since the provincial election of February, 1907. At that time he was a candidate for the constituency of Morris, Manitoba, and the senior partner of the firm I worked for was the candidate on the other side. As a young fellow I had a little to do with arranging meetings, and thereby got to know Senator Molloy. An interesting point about that election was that the late senator was defeated at the polls by two votes; on a recount the vote was a tie, and the returning officer cast his ballot for the candidate of the government of that day.

I knew Senator Molloy intimately as a Manitoban. He was well known in our province, and was a pioneer among veterinarians. He was a bonny fighter, a cheerful loser, and a good winner, and will long be remembered as an outstanding member of the Parliament of Canada representing the province of Manitoba.

I know some but not all of the late senator's family. About a year and a half ago his wife passed away. His son is a distinguished member of the Manitoba bar, and is well known in legal circles in the city of Winnipeg.

Our late friend will be greatly missed by the people of Manitoba. There was never any doubt where he stood on a question, whether political, legal or medical. He was clear in his ideas and positive in his convictions. I am sure I express the feelings of the people of my province when I say that he was a characteristic citizen of Manitoba, and that he gave real representation to that province in the House of Commons, and later in this chamber.

I extend sympathy on behalf of this side of the house to his son and his daughters in the sad bereavement they have suffered in the passing of their father.

Hon. T. A. CRERAR: Almost three thousand years ago, amid the hills and valleys of Judea, the Psalmist gave expression in words of rare beauty and insight to the thought that is uppermost in our minds at this moment:

As for man, his days are as grass: as a flower of the field, so he flourisheth.

For the wind passeth over it, and it is gone; and the place thereof shall know it no more.

A few months ago our colleague was with us engaged in the work of this house. Now

he has passed on; the wind has passed over him, and this place here shall know him no more.

It is almost fifty years since my first acquaintanceship with our late colleague, "Jack" Molloy—the name by which he was more familiarly known throughout Manitoba than any other. He was a man of strong convictions and at all times had the courage of his convictions. As the leader of the opposition (Hon. Mr. Haig) has said, "he was a bonny fighter" when it came to a political scrap, and he neither asked nor gave quarter; but when the contest was over, he was the first man to come along and shake hands, and everything was as it had been before.

His contribution in his own community in a professional way was outstanding. His contribution to the work of parliament, in both branches of which he sat at different times, was a worthwhile contribution. He was a fine family man, and was esteemed in his neighbourhood. He had many of the virtues that we associate with good, decent citizenship. In that respect he was like countless thousands of others who in their day and generation make their contribution to the welfare of their community and their country.

We shall miss him. I know I shall miss him. But after all, his passing is in the nature of things. His spirit was, in a way, a gay spirit. Very few of us knew a year ago when he was at his place in this chamber taking part in our discussions—at any rate I did not know—that he was fighting the dread disease which finally dragged him down. But there was never a word of complaint. He had at that time a confidence, which unfortunately proved to be misplaced, that he was going to win out in the struggle that he was carrying on. That attitude reflects the nature of the man.

As I said a moment ago, we shall miss him, but, as in the case of many others who have passed away from our midst, and whom we mourn, we shall at all times have the memory of his presence with us—and that shall remain with me as long as I live.

Hon. A. L. BEAUBIEN: Honourable senators, two weeks ago yesterday I went to see the late senator in the Misericordia Hospital at Winnipeg. At that time he was very ill, but there was still some hope that he would overcome the disease which had struck him. On Monday of this week I received a letter from his daughter telling me that her father's condition had somewhat improved, so you can appreciate how shocked I was yesterday to receive a telegram from his son telling me of his father's death. Senator Molloy was stricken by a terrible disease that shows no mercy and about which medical science knows little. It was only about a year ago that Senator Molloy lost his beloved wife through a similar ailment. Senator Molloy possessed a fighting spirit and the will to live, but that is not enough to overcome such a merciless disease, especially when it strikes a vital part.

The late senator was a Liberal through and through, and he never hesitated to express his political feelings in or out of season. In 1907, when he ran for the county of Morris in the provincial elections of Manitoba, he was opposed by a man who had been entrenched in that constituency for many years, the Honourable Colin Campbell, Attorney-General of the province. According to all reports, Senator Molloy had defeated the Honourable Mr. Campbell; but the deciding vote had to be cast by the returning officer appointed by the government of the day.

Many years ago in his profession as a veterinary surgeon, the late senator made a splendid contribution to public welfare during an epidemic of distemper among the horse population of Manitoba. He went around the farms testing the horses, and it was not a pleasant task for him to have to tell a farmer that his horses must be destroyed. Nevertheless he performed his duty faithfully and fearlessly.

In the Dominion elections of 1908 he was returned for the county of Provencher, and represented that constituency until 1921.

Senator Molloy was a man who loved his home and family. I am intimately acquainted with all his children, his daughters having attended school with my daughters. I do not think there ever was a finer father than the late senator, and to his children I extend my deepest sympathy in their loss of a wonderful father by such a terrible disease.

Hon. L. M. GOUIN: Honourable senators, by sad coincidence it is on St. Patrick's day that I rise to pay tribute to a distinguished Canadian of Irish descent, our former colleague from Manitoba, who has just left us for the great beyond. Senator Molloy was always so kind and friendly towards me that I feel his death as a personal loss. May I mention a simple instance in my personal experience as an example of his sincere kindness of heart. I think it was in October six years ago that I arrived by train in Winnipeg very early one morning and was welcomed at the station by the honourable leader of the opposition (Hon. Mr. Haig) and the late Senator Molloy. That was indeed a charming gesture of friendship, and it will always remain for me one of the most cherished memories of my life.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill S-5, an Act for the relief of Rose Landes Clopoff.

Bill T-5, an Act for the relief of Micheline Desautels Dooney.

Bill U-5, an Act for the relief of William Roydon Slator.

Bill V-5, an Act for the relief of Marie Eva Thibodeau Buelow.

Bill W-5, an Act for the relief of Margaret Sleno Staines.

Bill X-5, an Act for the relief of Jean Hume Munro Auburn.

Bill Y-5, an Act for the relief of Gilles Henault.

Bill Z-5, an Act for the relief of Edward Gordon Jakeman.

Bill A-6, an Act for the relief of Kathleen McKeown Stevenson.

Bill B-6, an Act for the relief of Alice Mary Gallant Currie.

Bill C-6, an Act for the relief of Muriel Frances Marks Buchanan.

Bill D-6, an Act for the relief of Leona Selma Cutway Hall.

Bill E-6, an Act for the relief of Avery Patricia Gill Reinhold.

Bill F-6, an Act for the relief of Poppy Catherine Hayakawa Smith.

Bill G-6, an Act for the relief of Dolores Margaret Paul Warner.

Bill H-6, an Act for the relief of Norma Bernstein Levee.

Bill I-6, an Act for the relief of Eileen Sophie McNamara Sepchuk.

Bill J-6, an Act for the relief of Mary Rowan Young Conway.

Bill K-6, an Act for the relief of Ethel Margaret Tweddell Cartmel.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: Next sitting.

ATTACKS ON PUBLIC MEN

DISCUSSION

Hon. J. W. De B. FARRIS rose in accordance with the following notice:

That he will call the attention of the Senate that some men in public positions and others and some newspapers are making unjustifiable attacks on the integrity of men in high office in a manner inimical to the good government of Canada and tending to give encouragement to the subversive elements in the land.

He said: Honourable senators, according to our rules the notice of inquiry which I gave, and which appears on the order paper, entitles me to discuss the question therein mentioned. For some time certain things that have been happening and certain items that have been appearing in the newspapers have impressed me with the need for some reference to these matters. At first my ideas were somewhat indefinite, but they came to a head when I read an editorial in the Toronto *Globe and Mail* of last Friday. I find myself in this embarrassing position. When I gave this notice I had in mind a somewhat restricted discussion of the question referred to in the notice, but the editorials and comments that have been appearing in the paper in the last two or three days have rather enlarged the scope of what one must say. Besides, I have been almost inundated with information; so, honourable senators, if you find me wandering along at some length so that you begin to watch the clock, I hope you will make due allowance. I promise you this: I am going home tomorrow and there will not be another speech by me very soon.

I think at all times it is regrettable that attacks are made reflecting on the integrity of men in public positions, and I want to suggest for your thoughtful consideration this afternoon, and I hope I can keep this discussion on a high plane, that in times such as we are going through these attacks are more serious than usually is the case. These are not normal times, honourable senators. We have had two of the most destructive wars that there have ever been in the history of the world. The last one, in particular, was a total war in which not merely armies but all the people of all the nations concerned were fighting. There is no question that war is a brutalizing thing, and to my mind there is no question that the continuous brutality to which we have to steel ourselves in wartime has a weakening effect on the moral fibre of individuals and of society as a whole. I do not think that I am beyond the mark when I say that we are conscious that our stalwart characteristics and self-reliance are not as they were in the days of our fathers. Our deep-rooted convictions are not those of our fathers. I do not think there is the general regard for religion that our fathers had.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. FARRIS: In these modern days there is not the respect that we should like to see for constituted authority. There is not the sense of individual responsibility to the

state that used to characterize the people of this country and the people of the countries whence our ancestors came.

Not only is that so, but as an inevitable consequence we are more susceptible to outside influences than we were under normal conditions. The result has been twofold. First, there are more subversive influences and more subversive groups in the community than there ever were before in our history; and in the second place, those subversive influences and those subversive groups in the community find it easier to get inside our guard and weaken our resistance than they would under normal conditions. I am thinking, in the first place, of communism. Anybody who listened to the radio today is probably thinking of it more than ordinarily. I notice how busy our friends of the C.C.F. have been in recent weeks to deny any connection or association with the communist movement.

Hon. Mr. DUFF: Too late.

Hon. Mr. FARRIS: Well, I would not say that. There is always hope. But I do say this—and if the matter were not so serious I would take a little satisfaction out of it—that just at this time some chickens are coming home to roost with the C.C.F. party.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. FARRIS: I am not making any attack on the leader of the C.C.F. in another place, but I do say that that party has not built up its present strength in Canada merely by teaching the doctrines of socialism. I speak with a direct knowledge of conditions in British Columbia, and I believe that what is true of conditions there is true elsewhere, namely, that in that party's earlier days in particular, its strength was built up by an organized and persistent campaign of appealing to what its spokesmen called the under-dog, with a view to stirring up envy against their more successful neighbours and trying to instil into the hearts of men the feeling that the person who had succeeded in this country of ours should apologize for the fact that he was a little beter off than someone else in wordly possessions. As a result there has been growing up in some quarters of this country a feeling that ability leading to success, instead of being an indication of the great opportunities in Canada and of the individual capacities in our citizens, is something that ought to be levelled down. If our friends of the C.C.F. party deny that they have climbed up on that ladder, I dispute the fact. I do not need to prove it, because we all know it.

So far as the communist party is concerned, honourable senators, I make no appeal to them to co-operate with us in resisting the evils that exist. Their allegiance is not to Canada, and my only reaction would be to stamp them out. As to the C.C.F. party, there are various groups in its membership. The left wingers of that party are pretty hard to distinguish from members of the communist party, and I have no more regard for them than I have for Tim Buck.

But there is hope of regeneration in the repudiation that is going on today. I have no doubt that if the C.C.F. party goes far enough and persists long enough in its repudiation, it may undo some of the harm that has already been done to the morale of this country and to the spirit of free co-operation that should exist between citizens in this great land of opportunity.

Conditions being what they are in Canada today, there never was a time when it was more necesary to build up confidence and respect for constituted authority—for the judiciary and even for our politicians. However contemptuously some people may use the term "politician", he is the man who is entrusted with the government of our country. The conditions necessary for our welfare and preservation in Canada today can never be maintained if the men who hold the highest offices, judicial and political, are traduced and discredited in the popular mind.

Now, honourable senators, I wish to look at this question in two ways. First, I should like to consider the question of unity in Canada. We have two great races in this country, the French and the English.

Hon. Mr. MacLENNAN: We have three—the Scotch.

Hon. Mr. FARRIS: I had forgotten about them, but being for the most part Scotch myself, although my name does not entirely indicate it, I am willing to have them identified with the body which I shall refer to as British, rather than English.

One of the basic essentials in this country if we are to survive as a nation—and I am talking about Canada as a nation—is unity between the French and the British. What does that unity depend on? Certainly not on the speeches that you and I may make. I believe that it depends on understanding, mutual trust and confidence between the two races. Any man who distorts that understanding or who deliberately seeks to destroy it, whether he be in public life or private life, or any member of a religious denomination who seeks to set one religious denomination against another, is doing a disservice to the people of Canada.

In the first place I wish to call to the attention of honourable senators something which I am perhaps more free to refer to than most anyone else in this chamber. That is the fulminations of a so-called religious publication in Toronto, recording the extravagant and un-Christian utterances of a so-called "Baptist preacher" in that city. I happen to be a Baptist—I do not know that I could be called a good Baptist—but I am pleased to say that this gentleman about whom I am talking has not for a number of years been a member of the Baptist Convention of Ontario and Quebec. I do not wish to go into a lot of detail on this matter because I would not honour the things he says by putting them on the record here.

Hon. Mr. MacLENNAN: Put them in the garbage can. That is where he ought to be.

Hon. Mr. FARRIS: The trouble is that he would not stay there. I am making these remarks not because I am very much concerned about the harm this man does in Toronto, where I believe he is known and accepted for what he is, but because I am concerned about the harmful effect of his statements when repeated in the province of Quebec, where the good citizens are apt to be influenced by them to a far greater extent than are the people in the community in which he is a detractor. I pick out that instance as an extreme illustration of intolerant Protestantism in a province outside of Quebec.

Now, as to the province of Quebec, I approach the discussion with some hesitation. I think there are some things which we can say to our fellow-citizens in that province about what they ought to know of the attitude of the people in the rest of Canada and their desire for friendly association with that province.

In speaking about the premier of the province of Quebec, I have no intention of making personal attacks on any individual, though there may be one exception later on. But charges and insinuations have been made against a great French Canadian, the Honourable Louis St. Laurent, whom every member of this house honours and respects. He is one of the heirs apparent of Mr. Mackenzie King. The Liberal party is so strong in leaders that there are many to choose from, but certainly Mr. St. Laurent is the one I would vote for as the Prime Minister's successor.

Within the past few days, honourable senators, charges have been made against Mr. St. Laurent on two occasions. One occasion was prior to Mr. St. Laurent's speech in reply, and the other was after he had spoken in the House of Commons on March 4 last. I have before me a copy of a paper published in Quebec in the French language. Perhaps with the use of a dictionary I could have made a translation of it; but one of my French colleagues was kind enough to translate it for me, and I feel more secure in accepting his version. Here is what it says:

> Mr. St. Laurent believes that it was his duty to collaborate with the representative of the communist regime in Poland in connection with the Polish treasures.
>
> He seems to be of the opinion that his using the Mounted Police in such occurrence was appropriate and proper.
>
> In so far as we are concerned we think that such proceeding adopted by the Ministry for External Affairs under the direction of Mr. St. Laurent, and the Mounted Police, is intolerable and definitely unbecoming.

On March 4, after certain allegations had been made, Mr. St. Laurent gave a full statement in the House of Commons. I had the pleasure of listening to it from a seat in the senators' gallery. It explains exactly what happened. Treasures of art had been brought to Canada from Poland at a time when, I believe, a provisional government was operating outside that country, and that government asked the Canadian government to store these articles in a certain repository. The Department of Public Works—

Hon. Mr. HAIG: Mr. Speaker, I do not want to stop the honourable gentleman, but I did not know that it was within the rules of our house to quote verbatim from the official report of the House of Commons debates.

Hon. Mr. FARRIS: I am giving information, not quoting verbatim.

Hon. Mr. HAIG: You are reading it.

Hon. Mr. FARRIS: Excuse me, I am not reading it. If my honourable friend wants to have a rough and tumble here, he can have it.

Hon. Mr. HAIG: We are quite capable of looking after ourselves without any advice from Vancouver.

Hon. Mr. FARRIS: I suggest that my honourable friend prove his statement in a proper way.

Hon. Mr. HAIG: All right: you are reading from a *Hansard* report.

Hon. Mr. FARRIS: I am not reading from a *Hansard* report. I have *Hansard* before me to refresh my memory, and I am telling honourable senators that if they want the full information they will find it in this document. In a matter of this serious import it ill

becomes the leader of the opposition in this Senate, where we seldom strictly follow the rules, to make such uncalled-for remarks.

Hon. Mr. HAIG: On a question of privilege: The honourable senator from Vancouver South (Hon. Mr. Farris) has no right to refer in this fashion to the leader of the opposition. All I did was to raise a point of order; and I do not think—well, I will say afterwards what I have to say.

Hon. Mr. FARRIS: My honourable friend stops with the words "I do not think". We will let it go at that.

The Hon. The SPEAKER: The debate concerns a matter of common knowledge, which has been reported in the press, and the reference to *Hansard* is, I think, quite justified.

Hon. Mr. FARRIS: The only reason I referred to this record was that I was not sure of the place where these articles were stored. I notice that they were placed in a building at the Central Experimental Farm.

Subsequently there occurred a change of government in Poland. In due course, as a matter of proper international convention, that government was recognized by Canada, as well as by other countries. Its complexion may be communist, but what difference does that make so far as this question is concerned? The new government of Poland represented to the dominion authorities, in whose premises these goods had been stored, although the government had taken no responsibility for them, that they had disappeared, and asked the government to give assistance in locating them. Finally it was suggested that they were in a certain place in Quebec. Two French-Canadian officers of the Mounted Police visited that place, and the mother superior, upon being asked about the possession of those works of art, volunteered that they were there and offered to show them to the officers, who then went away. What happened after that? Mr. Duplessis took charge of these goods. I assume that he thereby acted within his rights; and the only position taken by the Dominion Government then, or at any other time, was that, the courts of Canada were open to the respective claimants of these treasures.

These are the facts, and upon these facts, as stated by Mr. St. Laurent, the subsequent allegation of Mr. Duplessis was made. I refer, honourable senators, not to my sketchy report of the circumstances, but to the full, detailed and responsible statement made by Mr. St. Laurent on March 4 in the House of Commons.

At this point I feel free to assure our French-Canadian fellow citizens that Mr. St. Laurent is regarded by us as a great Canadian. He is a French Canadian of whom every Canadian is proud. It will greatly contribute to the unity of Canada if the next Prime Minister of this country is a French Canadian like Mr. St. Laurent, and I believe there could be no happier augury of Canadian unity than that a man of the broad vision, the tolerant spirit, the high character, the charming personality and the balanced outlook on Canadian affairs possessed by Mr. St. Laurent, should succeed Mr. Mackenzie King as Prime Minister of this country. It would be a tragedy if the prospects of Mr. St. Laurent to achieve this distinction, which reflect the wishes of the Canadian people, were to be defeated by attacks made against him in the house of his friends. For the sake of the unity of Canada, I hope the attacks will not succeed.

Let me come in the next place to a consideration of attacks from an unexpected quarter, and which I think are detrimental to the maintenance of our institutions in these trying times. The great Conservative party, or shall I say, the once great Conservative party—

Hon. Mr. HOWARD: "Progressive" now.

Hon. Mr. FARRIS: It is for my honourable friend to say how far it has progressed—has always been the self-constituted champion of our institutions, or at any rate of the institutions we have inherited from Great Britain. It is disquieting to observe the attacks which are being directed at the present time from some sections of that once great party. Speaking as a Liberal, I would not be concerned if as a consequence of these tactics the Conservatives advanced their own cause, because it seems to me that, after a Liberal government has remained in office as long as this government will probably stay there, no great harm would result were they succeeded by the Conservatives. In this century the Conservatives have never stayed long in office, and though from a Liberal standpoint their regime would be regarded as reactionary, the harm they would do and the mistakes they would make could be remedied after the next election. The real danger, which gives me concern and prompts me to make these comments, is that aspersions of the kind to which I am going to refer, directed against our higher officials in parliament, in government and in the courts, impugning leaders who have been in control of our affairs since long before the last war, would, if they should result in the defeat of the Liberal party, tend to strengthen the hands of the more subversive elements in this country.

You need not tell me, honourable senators, that if the people of Canada are misled by attempts to discredit not only the greatest

judge this country has ever produced, but a man who has held the office of Prime Minister longer than anyone else in Canada, and longer than practically any man in the British Empire, harm will not result. Any undermining effect this preaching may have will not help the Conservative party, but will tend to destroy all present forms of constituted government; and it will encourage and assist those who are promoting subversive activities in this country today.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: No doubt honourable senators have anticipated that I am going to refer to the inquiry into the Hong Kong incident of 1941. I approach the consideration of this question from two standpoints. First, I ask you what is the need and the justification for investigating and stirring up this question at the present time? Secondly, I ask you to consider, in the light of what I have said, the kind of attacks that are being made.

Let me briefly refresh your memory with some dates. Throw your minds back to the serious condition in which the British Commonwealth of Nations found itself in September 1941, prior to the time when the Americans entered the war. At that time it was suggested by the British Government that it would be a good thing to send some Canadian troops to Hong Kong. In response to that request 2,000 Canadian soldiers were sent to that city on the *Awatea,* arriving in due course. On December 7, 1941, Pearl Harbor was attacked. You know what a bolt from the blue that was. You know how little the Americans anticipated that attack. The following day Hong Kong was attacked. Our soldiers were there along with British soldiers, to hold the city, but on December 24, 1941, it was forced to surrender. Many of our Canadian soldiers were killed, and the remainder were taken prisoners of war. Naturally this was a great shock to the people of Canada.

It was charged that these soldiers were not properly trained. My understanding is that none of the soldiers sent there or to Britain were completely trained. Canada had not been a military country and all Canadian soldiers, after receiving a certain amount of training, were sent overseas to receive further training there.

It has been charged that full equipment was not sent forward on the same ship in which the soldiers were transported to Hong Kong. I shall have something to say about that in a minute. It has also been charged that before these soldiers were dispatched the Canadian government knew that war was imminent. There has been a lot of shifting and sliding from under these allegations, but the last charge is the basic one. The charge levelled against our Prime Minister is that he knew that war was imminent, and that with that knowledge he deliberately sent our sons, without proper equipment, into a field of combat where they ought not to have been. That is the whole gravamen of the charge. But it is not confined to Mackenzie King; it must go down the line to the men who advised him, to the ministers who were in charge of the department at the time—Mr. Ralston, the Minister of National Defence, and Mr. Power, the Minister for Air—and to the military command from whom, after all, the Prime Minister must take advice.

At the time the men were sent to Hong Kong Mr. Ralston was on his way to Europe, leaving Mr. Power burdened with the responsibility of not only his own department but that of Mr. Ralston, and it was under Mr. Power's supervision and responsibility that this contingent was sent overseas. One of the men in that force was Mr. Power's own son. Honourable senators, I do not drag in this fact as a defence. Any man holding any of the positions held by Mackenzie King, Mr. Power or General Crerar, would owe as great a responsibility to the son of any man in this country as he would to his own son. Perhaps I do not know Mr. Power well enough to call him "Chubby", but to my mind he is a great Canadian with a fine sense of public duty.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: I am confident that not for anything in the world would he indifferently, callously, or recklessly, send boys to a fate that they should not have met. The fact that one of the boys in that contingent happened to be his own son is only an incident to keep in mind.

What I say as true of "Chubby" Power is also true of Canada's Prime Minister, no matter what is charged by Mr. Drew or by the Toronto *Globe and Mail.* The charge, on its face, is almost conclusively answered without evidence. Mackenzie King would not knowingly do anything of that kind. But that is the charge. It is not charged that the department was at fault, or that the Prime Minister overlooked something under the stress of the thousand and one things he had to do at that time. No, the charge is made that he, knowing the untrained condition of these troops, and that there was danger of imminent war, sent them to Hong Kong. I say it disproves itself. Honourable senators, you must consider the conditions in Canada

in 1940 and 1941 and not those of today. You will remember Dunkirk. According to my information there were ill-equipped and ill-trained Canadian soldiers in England at that time; but they stood between Britain and complete disaster.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: People talk about knowing things. I wonder what these gentlemen would have said if Canada had been responsible for Singapore? It is easy to look back and say what should have been done in 1940 and 1941. It is easy to forget the strain that was on every man at that time, the desperate conditions which existed, and the chances that all Canadians, Britishers, and Allies were taking all over the world. Have you forgotten what Churchill said when he stood with his back to the wall in Britain and uttered that inspiring speech, the greatest speech that history has ever recorded? Whatever other qualities Churchill has—and they are many—his dominating courage was the thing that saved the British Empire.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: There was natural concern when those two thousand young men were killed or taken prisoners, and in the early part of 1942 Sir Lyman Duff, Chief Justice of Canada—and let me emphasize those last four words—was appointed a commissioner to hold an inquiry in regard to this matter.

Hon. Mr. DUFF: He comes from a proud race.

Hon. Mr. FARRIS: Personally, I should feel relieved if my honourable friend would restrain his remarks until later.

Hon. Mr. DUFF: I was complimenting you.

Hon. Mr. FARRIS: I do not need it.

Sir Lyman Duff heard the evidence, all the evidence; he weighed the facts; he heard all the arguments of counsel who were there, and of course took into consideration all the conditions that existed; and in his findings he exonerated the government and the army command of blame for the ill-fated expedition.

That did not suit Mr. Drew. He was not Prime Minister of Ontario at that time. He demanded another inquiry and he made charges. Some of them have come to light in the newspapers—I got this information from the Ottawa *Citizen*. In a letter to Mr. Mackenzie King at that time, he charges that the findings of the commissioner—who was Sir Lyman Duff, Chief Justice of Canada—are directly contrary to the facts. There are a lot of other charges in his letter, but that is enough, that the findings are directly contrary to the facts.

That was more than six years ago. Let us draw some comparisons in our minds. The commissioner was the Chief Justice of Canada, and he had been on the bench of the Supreme Court of Canada for more than forty years. As a lawyer of a great deal of experience, I say that Sir Lyman Duff has been regarded and is regarded as the greatest judge Canada has ever produced.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: Many times I have conversed with Law Lords of the Privy Council and with my colleagues in the legal profession in England, and I can say that Sir Lyman Duff is as highly regarded and respected over there as he is here in Canada. Not only was he experienced, but where in Canada could you have secured anybody as impartial? Just stop and think that over, honourable senators. I am not sure—I intended to look this up, but I forgot about it—whether he was appointed Chief Justice by the Liberals or the Conservatives. But does it make any difference? I know it was Mr. Bennett who recommended that he be given a knighthood. Why should Sir Lyman Duff be partial? Why should he, of all men in Canada, when he was nearing the termination of his great career, stultify himself to the knowledge of those who had charge of those questions?

On the other hand, who is the man that purports to sit in judgment on the Chief Justice? A partisan advocate. Does anybody dispute that? Does anybody dispute that when Mr. Drew took this position he was seeking kudos for himself and the party that he claimed to represent? But, honourable senators, if Mr. Drew had properly appreciated his position he would have known and he would have told the public that he was not appointed as a partisan advocate at all. I have the material here. Sir Lyman Duff wrote to Mr. Hanson, the then leader of the opposition, and asked him to name one of the three counsel. They were to do what? To represent the commissioner, to be under his direct authority and to continue in office only until the commission was terminated. Mr. Hanson wrote back and suggested the name of Mr. Drew, and the Chief Justice then wrote to Mr. Drew and appointed him to that position. Those are the facts as to how Mr. Drew came into the job.

I say that Mr. Drew was under the most unqualified obligation of secrecy. I do not think honourable senators realize how drastic was that obligation of secrecy. On the very

opening of the commission the Chief Justice laid it down that there was an absolute secrecy about everything that went on. On every document, on every word of transcript that was handed to Mr. Drew, was a memorandum that this is secret, that it can be shown by you to nobody else, that no copies of it shall be made, and that at the end of the inquiry or before the end you must return it to the commission. Do honourable senators know that Mr. Drew's secretary and all the other secretaries were made to take an oath of secrecy? Mr. Drew did not have to take an oath of secrecy, because he belonged to a profession whose oath of office is as solemn and binding as anything could be, requiring him to live up to those obligations. Well, honourable senators it is for you and for the people of Canada to consider this matter.

I am asking honourable senators to consider the Chief Justice as the tribunal, and Mr. Drew as the judge of the judge. Look at it from the point of view of ability to analyse evidence, to sift it, and come to your own conclusions. How many cases did you ever hear of Mr. Drew having in the courts? What experience has he had? I am not making any attacks. It is just as honourable to be in the newspaper business, maybe, as it is to be a lawyer, but I am talking about the qualifications of a man who sets himself up to judge another man. What ability, what experience, has Mr. Drew to justify his asking the people to accept him to sit in judgment on the Chief Justice of Canada? What experience did Mr. Drew have to set up against Sir Lyman Duff's forty-odd years as a judge on the Supreme Court of Canada? And remember, honourable senators, not only was Sir Lyman Duff then the Chief Justice of Canada, but he was the Right Honourable Sir Lyman Duff, a member of His Majesty's Imperial Privy Council, who many times had sat on the Privy Council in London and more than once had written the decisions of that great board. One would find it difficult to imagine Mr. Drew in either of those positions.

I am not criticizing Mr. Drew because of his partiality. He had a right to be a partisan advocate, if he wanted to. That is a privilege which I, as a lawyer, have often exercised, and when I am a partisan advocate I pride myself on being a partisan and presenting my case to the very limit. And sometimes, after I lose a case, I am inclined to think that the judge is wrong and that I am wiser than he. However, in those circumstances lawyers cool off and have second thoughts, and when they differ with a judge they do not presume to come out and make attacks reflecting directly upon him and his integrity. I do not choose to raise the question of Mr. Drew's honesty, but when he puts his charges in such a way that honourable senators, if they believe them, are disturbed about the honesty of the Chief Justice, it then becomes necessary for every citizen of Canada to inquire as between them, and to judge which they are to credit.

If Mr. Drew had practised law as long and as extensively as I have, he would have learned that there is a vast difference between an honourable and proper method of appealing from the judgment of a judge and coming out with charges of false findings such as he has made. I am proud to be a member of the legal profession, and I know all honourable senators here who are lawyers feel the same way about the profession. They are proud of its tradition and code of honour, and would not stultify themselves by attacking the honesty of the judges before whom they appear.

I have read some newspapers' editorials to the effect that it is all right to criticize a judge acting as a commissioner. I go farther than that, and say that it is in order to criticize the judgment of a judge, provided it is done in a proper and self-respecting manner. As lawyers, we are doing that every day. We appeal from the decisions of judges and we represent that the judges, no matter how honest they may have been, have not given proper consideration to certain evidence, and we submit that other evidence should have been given more weight.

There are times when the courts of appeal overrule trial judges, though the law is well established that special weight must be given to the findings of the trial judges, who have had the opportunity of seeing witnesses and hearing the evidence first-hand. It is only in exceptional cases that our appeal courts overrule trial judges on questions of fact; and when there are findings of fact by two courts, a third court will not listen to any argument on that score. But a lawyer who would put in his notice of appeal or factum an allegation that the findings of the learned trial judge were false, and put it in such a way as to reflect on the judge's integrity, would be treated most severely, not only by the court but also by the discipline committee of the legal profession.

I shall deal later with the distinction that is offered between "judge" and "commissioner."

Honourable senators, at the moment the Chief Justice brought in his report Mr. Drew, in his capacity as counsel for the commission became, to use a good legal expression, *functus officio*. He was then through and no longer

had any status as counsel for the commission. But he then undertook to be a kind of *amicus curiae*—a friend of all people—to save them from what had happened. Honourable senators may go back in their memories to Mr. Drew's statement at that time. He said, "We do not want a scapegoat, but we want a real inquiry so that we can prevent tragedies like this from happening in the future and resulting in the loss of our sons."

I ask, honourable senators, if Mr. Drew was not looking for a scapegoat in 1942, why is he looking for one today? Many things have happened in the intervening six years since the inquiry. The war continued to its bitter success; Mr. Power and Mr. Ralston both resigned from office for different reasons—Mr. Power because conscription was brought in and Mr. Ralston because it was not brought in soon enough or did not go far enough. General McNaughton was brought into the government to succeed Mr. Ralston. If there was concern that the inquiry had not cured the evils, one would have thought that the bringing in of the general who had been in charge of the Canadian army, to succeed Mr. Ralston, would have given the necessary assurance.

I ask honourable senators, does Mr. Drew or do his satellites, either flesh or pulp, suggest any way in which this inquiry now can help the war that is over? Is he suggesting that the inquiry must take place in order to help in the next war? That is pure nonsense!

Honourable senators, there is grave danger of another war. The statement of President Truman today brings it home in a way that we ourselves had not realized. But there is something that Mr. Drew, Mr. Duplessis, and every leader in provincial, federal and municipal affairs—and indeed our private citizens —can do in the light of the tragedies we face; they can help us to close our ranks and work for the common cause of Canada.

There is only one other reason given by Drew why we should dig up this old question and rake over these old ashes now, and that is the Maltby report. I have the report before me, dated January 1948. General Maltby, I understand, was the English general in charge of Hong Kong at the time of the disaster. Perhaps Mr. Drew told you about this report, but I had not seen it until after I gave my notice of motion.

On page 1, paragraph 5, I read these words:

"That war was inevitable seemed clear to me."

And it must be remembered that General Maltby was in Hong Kong.

He continues:

I had all my forces deployed in their battle positions in ample time, but it was hard to make that definite statement on the information available,—

In Hong Kong he was in a far better position to make that statement than was Mr. Mackenzie King in Ottawa. Moreover, his only job was to defend Hong Kong, while Mr King was in charge of all the many problems affecting Canada.

General Maltby continues:

—with the result that the civil authorities felt that they were not in a position to put into full force all the numerous measures required during the preliminary or the precautionary period of the Civil Defence plan. For this state of affairs I must blame three factors:—

(a) The general doubt that Japan would declare war against the Allied powers.

I do not think Mr. Drew told us about that statement.

(b) The weakness of our intelligence system.

And who was responsible for that? Certainly not Mr. Mackenzie King, and not General Crerar.

(c) The belief that Japan was bluffing and would continue to bluff to the last. The true gravity of the state of affairs was not reflected in the embassy despatches from Tokyo.

Honourable senators, I omitted something I should have said about this question of secrecy. The fact is that certain secret despatches from the military authorities in England came to the Department of External Affairs here. Those are the despatches about which we are now hearing such a furore. What are the facts about these secret despatches? They were brought to the commissioner by a representative of the Department of External Affairs. The commissioner took them into the conference room, where he was accompanied only by the three counsel who were his representatives. He would not allow either his own secretary or a stenographer to be present, nor would he permit any note of the documents to be taken. They were retained for thirty minutes, and then folded up and returned to the Under Secretary of External Affairs. These facts should be kept in mind when the circumstances concerning the production of these documents are discussed. The British government from the moment they were received here have persisted in their refusal to allow publication. Are the people of Canada prepared to repudiate the obligation of secrecy under which they were received?

Now let me read what is stated in the report as to the information to hand at the time. I refer not to the commissioner's find-

ing but to exhibits at the end of his report. Here is a telegram, dated October 30, 1941, from London:

> We are very grateful to you for despatching your contingent to Hong Kong at such short notice. We fully realize the difficulties of mobilization and of distance which have had to be overcome. The moral effect of their arrival in November will be much greater than it would have been two months later.

I wonder what this gentleman who is so solicitous about our safety and all the rest of it would have said if the King government and General Crerar and his military advisers had rejected the request of Britain, and said, "Oh, we will not send these boys, because, no matter how much moral support it may give, we are not going to take a chance". I wonder what would have been said about Mr. Power if he had stated, "I will not allow my boy to face the hazards of the trip and what may happen afterwards, no matter how great the moral effect their presence might have". Remember that in these days everything was hanging in the balance. Morale was a supremely important factor. We recall that the moral effect in those critical days of the personality of Churchill, and the moral effect throughout that period of the presence of our men, did much to turn almost inevitable disaster into final victory.

Here is another telegram, sent on October 26 from London by the Canadian Command over there:

> Consensus opinion that war in Far East unlikely at present.

Did Sir Lyman Duff give consideration to these questions; and if he did, by what authority does a counsel, whose functions then had ceased, set himself up in judgment on the decision of that great judge?

The troops sailed on October 27, the day after that cable came from the Canadian authorities in London to the authorities in this country. Later I shall refer to the decisions which General Crerar made on that occasion.

Time went on. Then came the Maltby report, which was made the excuse for this new attack. Mr. Drew has renewed his reflections upon the Chief Justice, and has shown more boldness in his attacks upon the Prime Minister of Canada. Let it not be forgotten that during the last federal election Mr. Drew aired these grievances, or had the opportunity of doing so, and that the verdict of the jury was in favour of the government. He asserts that the Prime Minister knew that the danger of Japanese aggression was imminent, and that our troops were being sent over there ill-trained and ill-equipped. Speaking of Mr. King's solemn denial in the House of Commons, he says that he "is simply piling falsehood on falsehood". If such statements are permissible, we shall get down to a position where the buttons will be off the foils, and you can call a man pretty well anything you like. I hope I shall be more restrained.

A member of parliament from Manitoba, a Mr. Ross, who I believe stands high in the ranks of the Conservative party, made a speech which appears—in case you want to look at it at some time when it will be in order for you to read it—at page 1981 of *Hansard*. He said that the people of Canada were becoming "suspicious of Chief Justice Sir Lyman Duff." In that statement, I fear, there is some truth. But why are they becoming suspicious? Not because of anything which Sir Lyman Duff did in the performance of duty, but because this type of insinuation, of innuendo, of unfair attack, is being made by the so-called leader of a great party.

We come now to the Toronto *Globe and Mail* of Friday last, in which the statement appears that Sir Lyman Duff was making findings contrary to facts; that they were "false on four counts". There may be more excuse for a newspaper which uses such expressions than for a lawyer who makes them. To me it is unthinkable that a lawyer should countenance such statements. Yet, remembering on what a pedestal this paper puts itself, talk of this kind cannot be condoned. Reflect, honourable senators, what is implied in this statement that "Mackenzie King was guilty of knowingly sending untrained and unequipped troops into a known theatre of possible war." In the words of Shakespeare in *Julius Caesar*, "Mischief, thou art afoot". To make that kind of charge against the Prime Minister of this country at this time in his career is the most terrible thing I have ever seen done in Canadian journalism. What does it mean? Not only that he is falsifying the record, but that the blood of the boys who were killed in that expedition is upon him.

Mr. Ilsley, as Minister of Justice, in a characteristically moderate reply, remonstrated with the *Globe and Mail*. I want to call the attention of honourable senators to the editorial retort. How does it begin? The writer has the unmitigated effrontery to start in this way:

> The abusive attack on a *Globe and Mail* editorial writer by the Right Hon. J. L. Ilsley, Minister of Justice, completely fails . . .

Abusive attack? The pot calls the kettle black, but in this case the pot is black and the kettle is not.

Listen to this:

> The *Globe and Mail* need make no protest of its respect for the judiciary, or for the distinguished office which Sir Lyman Duff once had the privilege to hold.

He also held that position at the time about which we are concerned. The article continues:

> It was because of this respect, in fact, that reference to Sir Lyman's official status was deliberately omitted from the editorial.

I do not know whether that is audacious sophistry or childish quibbling, but I am inclined to think it is both. You have heard about the curate's egg; it was good in spots. The *Globe and Mail* suggests: Oh, we were not attacking the character and integrity of this man as a judge; we were only attacking his character and integrity as a commissioner. That is too subtle for most Canadians. The assumption that the people of this country would not know that Sir Lyman Duff was the Chief Justice of Canada, simply because the editorial did not so describe him, is too thin for publication even in this paper.

What are the facts? There is a provision in our Acts giving judges certain powers and privileges. In the opening of the proceedings Sir Lyman announced that he had before him an order in council reciting that he, as the commissioner, had all the rights, privileges and powers of a judge sitting in a court. Now I say there is a proper way to criticize the findings of a commissioner, just as there is a right way to criticize the findings of a judge; but in neither case is a man with Mr. Drew's legal standing entitled to go before the Canadian public with the kind of charges he has made against the head of the judiciary of Canada, and the Toronto *Globe and Mail* and Mr. Ross of Manitoba have no greater right to do so.

Listen to this:

> The government responsible for this infamous betrayal of its trust . . .

This is written by a man sitting in a Toronto newspaper office. Does anyone know who wrote it? Is anyone here competent to say "I know this fellow and I consider him a better judge than Sir Lyman Duff"? Of course not. But this man has passed judgment. Notwithstanding the findings of Sir Lyman Duff, he writes:

> The government responsible for this infamous betrayal of its trust is the same government upon which today the people of Canada are dependent for their national security . . .

Hon. Mr. DUFF: The mistake was made when this government appointed Mr. Drew as counsel.

Hon. Mr. FARRIS: The government did not do it.

Hon. Mr. DUFF: Who did it?

Hon. Mr. FARRIS: Sir Lyman Duff did it under his powers as a commissioner. He courteously gave Mr. Hanson the privilege of naming one of the counsel. Mr. Drew was recommended, and Sir Lyman Duff appointed him on that recommendation.

Honourable senators, I should now like to refer back to the original article written last Friday. To my mind the following is very important:

> It is also beyond question, from the testimony given by the Hon. C. G. Power, Acting Minister of National Defence, and the responsible political authority, that he believed there was "a real danger of war with Japan"—

You see, they quote those words "a real danger of war with Japan", and they stop quoting there.

Then the article goes on to say:

> Under the circumstances, it did not matter whether the war came immediately, or months later. The guilt of the government is in nowise lessened.

Do honourable senators see how they are backing down on their original charge? A person has to study the thing pretty carefully to realize what they are doing. This writer states that men who were not fully trained should not have been sent overseas when war was imminent. But the same thing happened across the Atlantic. Men received training up to a certain stage in this country and were then sent overseas, where they completed their training.

When this newspaper says that it makes no difference whether war is imminent or not, the same guilt rests on the government, it is giving away its whole case. Why is it backing down, honourable senators? I shall tell you the reason. It is to be found in a statement made by Mr. Power in the House of Commons on March 5. He rose on a question of privilege, and what he said explains why the Toronto *Globe and Mail* is backing down on what was the main assertion of their whole charge: that the knowledge of war was immediately imminent. At page 1911 of the House of Commons *Hansard* Mr. Power says:

> I am quoted in support of Premier Drew's statement as having said in evidence before the Hong Kong inquiry the following:
>
> I felt, perhaps without any sound basis except having read these despatches, that there was a very good chance of war breaking out with Japan.

Premier Drew stopped with that quotation right there, and the Toronto *Globe and Mail*

does the same. But what did Mr. Power say when he got up on the floor of the house? This is what he said:

In justice to all parties, including myself, I think I should say that in the very next line of my evidence, in reply to a direct question as to whether I believed war with Japan was imminent, I said no, war with Japan is not imminent.

That is the very next sentence in the testimony of Mr. Power, quoted by Mr. Drew and the *Globe and Mail,* but on both occasions that is not published.

Considering the reliability of these men who set themselves up as judges over the Chief Justice of Canada, I ask honourable senators if there is any more misleading form of misquotation than to read only half an answer. That is exactly what was done here to the knowledge of the Toronto *Globe and Mail* and, of course, to the knowledge of Premier Drew when he made his first statement.

Who was General Crerar? He was in command of the forces in Canada when these troops were sent overseas to Hong Kong. He is the man who passed judgment on their qualifications and on him rests the direct responsibility of sending them over there. I wonder if the *Globe and Mail* ever quoted this extract from Sir Lyman Duff's report. I am reading from page 21:

It is well to emphasize that General Crerar laid it down as the fundamental condition of the selection of the units for this force that "they should be efficient, well-trained battalions, capable of upholding the credit of the Dominion in any circumstances"; and his decision that they fulfilled that condition is the basis of his recommendation. General Crerar was not merely giving an opinion; he was deciding upon a matter of fact which it was his duty as Chief of the General Staff to decide, for the purpose of making recommendation concerning the composition of this force, upon which he expected the minister to act, and, in the result, knew he was acting. Having regard to General Crerar's special knowledge of all the considerations to be taken into account, and his special qualifications for forming a judgment thereon, there is a most powerful presumption in favour of the correctness of his determination given in good faith and in the course of duty, to which it would be proper to give effect in the absence of clear evidence of error. It is, however, as I conceive it, my duty to examine the question of the propriety of the selections and to consider the oral evidence and the documents produced.

And here is a paragraph from a written report that General Crerar made before these men were sent to Hong Kong:

As you know, these units returned not long ago from duty in Newfoundland and the West Indies, respectively. The duties which they there carried out were not in many respects unlike the task which awaits the units to be sent to Hong Kong. The experience they have had will therefore be of no small value to them in their new role. Both are units of proven efficiency.

And in May 1942, in sworn testimony taken in London, to be sent over to the commission, he said he still adhered to that opinion.

General Crerar was in charge of our forces in Canada, having succeeded General McNaughton as Commander in Chief. Does anybody question General Crerar's great record? Would anybody presume to challenge his opinion that those men were qualified, and brand it as false? No, the *Globe and Mail* would not do that, nor would Mr. Drew do that. Yet, honourable senators, that decision by General Crerar is the decision that was responsible for sending these men overseas. It was the recommendation of a responsible man. I am not attaching any blame at all to him; I am saying that he knew the position, the perils and the necessity for moral support. He knew the training those men had had, and he expected they would have opportunities for further training after they got over there. He took that responsibility, and I would like to know why Mr. Drew should attack Mr. Mackenzie King and ignore the recommendation of General Crerar in that connection. What would Drew have said if the government had turned down General Crerar's decision?

Honourable senators, I have not time to go into this matter further, but I invite members who are interested to look into the charge about the lack of ammunition for the 3-inch mortars in the fighting on the 22nd of December. What are the facts? I will not quote from General Maltby's report, but honourable senators can read it for themselves. There was no ammunition in Canada for those mortars. The mortars were sent over from this country, and there is on record a dispatch from the British government that they would supply the ammunition for those mortars and ship it to Hong Kong. However, they sent only 70 rounds, as there was a scarcity of that ammunition in Britain.

The *Globe and Mail* says that a newspaper has as much right as a judge to express its conclusions on the evidence. I point out that judges have no opportunity of coming back and defending themselves when they are attacked. The newspaper also says that it has a duty to perform for the people of Canada. I am impressed with an editorial in the Ottawa *Citizen of* yesterday, which makes this comment on the *Globe and Mail* editorial:

Such a statement exceeds the bounds of decent journalism . . . Moreover, the newspaper's own motives are not above suspicion.

I wonder why?

It smites Mr. Mackenzie King's government at every opportunity. On the other hand, Sir Lyman Duff's conclusions were based on the full evidence; and his reputation as an impartial judge is beyond dispute.

Now, honourable senators, you can take your choice between Duff and Drew, and between Duff and George—I cannot think of his last name.

An Hon. SENATOR: McCullagh.

Hon. Mr. FARRIS: Let the people of Canada draw their own conclusions as to the capacities of these men and their methods.

The *Globe and Mail's* charges of dishonesty and so on make me feel free to express my thoughts on the matter without qualification. I say those editorials are a discredit to the press of Canada. The editor and publisher both ought to be ashamed of themselves. To my mind, the reiteration of this charge shows the disposition and intent of a newspaper bully to intimidate Mr. Ilsley for his presumption, in the performance of his duty in his high office, in remonstrating against such attacks on a judge in the highest judicial position.

Fortunately, this kind of thing does not happen often in Canada. If we are to preserve our democratic institutions and our way of life, our people must have a full measure of confidence in our judges and our judicial system, and there must be no splitting of hairs as to whether a judge is performing judicial functions on the bench in an ordinary court or in a commission. Let me point out that the necessity of having the Chief Justice as commissioner was greater than usual in this particular inquiry, where absolute secrecy was essential. A roar would have gone up all over this country if a private citizen had been appointed commissioner, and the inquiry would have been described as a hole-in-the-corner affair. I am referring to this because some persons have taken the stand that judges should not be appointed to commissions. In general I agree with that stand. When I was president of the Canadian Bar Association I took strong ground on this question in my presidential address; I said it was not good policy to drag our judges into every controversial form of inquiry that was held. But, honourable senators, there was no reason why this Hong Kong inquiry should have been controversial. There was no politics involved in it. It was only a question of checking up on something that had gone wrong, on one of the tragedies of the war. Mr. Drew was appointed as counsel representing one of our parties, not to make politics out of the inquiry, but to help the commissioner get to the root of the matter. That was why the highest and most respected judge we have ever had in Canada was selected for that position. Let me say with all the solemnity at my command, that if the Conservative party succeeds in traducing and dragging down the reputation of our most renowned judge, sitting as a commissioner, he will to the same extent be traduced in his judicial position; and if he falls the whole judiciary will fall along with him in public respect. If the opposition succeeds in undermining the respect of Mr. King in this, probably the last year of his term of office, by causing the people to believe that he has betrayed them in this terrible way, and should he fall under that charge, O, what a fall is there my countrymen! Then I, and you, and all of us fall down, because we can never survive the disaster of such a reflection on our political and judicial institutions in Canada.

In a spirit of co-operation and friendliness let me say to every public man, irrespective of the view he represents, that there is in Canada today a great field for progressive thought, for constructive criticism and for a common endeavour for the welfare of all. There is no need for stirring up disunity in Canada at this time, and no reason for raking up the dead past. Nero fiddled while Rome burned, and Mr. Drew rakes up the dead ashes of past events while new fires are burning. There are too many gigantic problems facing us in the immediate future to spend our time reviewing events past and gone.

I feel more impressed with the need of what I am now saying, after the speech Mr. Truman made today, than if I had spoken at any previous time. I feel, honourable senators, that so far as we can escape the despair of what threatens us, we ought to look forward to what we can achieve as Canadians for Canada. May I close with these words from Shelley:

> Oh cease! Must hate and death return?
> Cease! Must men kill and die?
> Cease! Drain not to its dregs the urn
> Of bitter prophecy!
> The world is weary of the past—
> Oh might it die, or rest at last.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. DONNELLY: Honourable senators, during the early part of the very able speech which we have just heard from the honourable senator from Vancouver South (Hon. Mr. Farris) I was disposed to put a question to him, but realizing that he was delivering a serious address, refrained because I did not wish to interrupt him. Now that he has completed his remarks, I should like to put the question to him.

Hon. Mr. FARRIS: I have great respect for any question my honourable friend may wish to ask.

Hon. Mr. DONNELLY: I quite agree with what my honourable friend had to say in lauding the good qualities of Mr. St. Laurent. I have been in public life long enough to know that no one political party has a monopoly on great and good men in the public life of this country.

Perhaps in fairness I should say that I would not ask this question except that it is St. Patrick's Day. When I heard the honourable senator laud Mr. St. Laurent as a great French Canadian, who would like to be the Prime Minister of Canada some day, I wondered if he realized that Mr. St. Laurent had the great and good fortune to have an Irish lady by the name of Broderick for his mother.

Hon. Mr. FARRIS: That makes him none the less a great French Canadian and a great Canadian.

Hon. JOHN T. HAIG: Honourable members, I do not intend to delay the house more than a few minutes with what I have to say. But I must be quite candid and state that I was very shocked by the address I heard this afternoon. In my opinion—and I have been in this house quite a few years—that was a political speech such as one might hear in another place. I believe that it will do no good, and that it will make difficulties for this chamber in years to come.

I do not propose to attempt to answer my honourable friend; I could not if I would, and would not if I could. I do wish, however, to raise one or two points before I launch into my main argument. The honourable gentleman says, in effect, that there is a struggle in the province of Quebec between Mr. St. Laurent and Mr. Duplessis. I may not be credited with being able to read the signs of the times, but I am persuaded that before the year is over there will be an election in that province in which its people will decide who they want as premier. I suggest to my honourable friend that Mr. St. Laurent should go down to Quebec and lead the Liberal forces in the election, and that the people of that province should decide whether they want Mr. St. Laurent or Mr. Duplessis.

Hon. Mr. FARRIS: We cannot afford to lose him here.

Hon. Mr. HAIG: My point is that I am perfectly satisfied to let the people of Quebec decide who they want.

My honourable friend indulged in a most bitter attack on George Drew, Premier of the province of Ontario. I understand that before the year is out there may be an election in this province. In that event I would suggest to the honourable senator from Vancouver South that he should come to Ontario and contest the election, and drive Mr. Drew out of public life, if he is able to do so. If he succeeds he will then find that he has a load on his hands, and he will not have so much time to practise the profession of which he says he is such a distinguished member.

I do not pretend to be a distinguished member of my profession, but I have had a little experience in judging political trends. After listening to the speech by my honourable friend it would seem to me that there are two provincial elections coming up soon, one in Ontario and one in Quebec. His speech indicates that he believes the Liberal party in each of those elections will not make a very good showing, and that might affect the party's prospect of winning the next dominion election.

I know Mr. Duplessis, and if my judgment of him is correct, he will not take lying down the castigation which my honourable friend gave him this afternoon. I may be wrong in that prediction, but I do not think I am. I expect that he will issue a challenge to Mr. St. Laurent to go down there and fight it out, and I should like to be sitting somewhere nearby watching the battle. As to the province of Ontario, if my friend thinks George Drew is such a bad actor, he should come to this province and try to revive the Liberal party there. He would have a difficult task on his hands.

As to the Hong Kong inquiry, the whole question hinges on the production of the evidence taken before the commissioner. So far one copy has been tabled in the other house, and up to the present moment, honourable leader of the government, no copy has been tabled here. The copy tabled in the other place consists of 2,300 pages, but it does not include all the cables, because it is said the British government will not release them.

Hon. Mr. FARRIS: Well, is that not so?

Hon. Mr. HAIG: Let me finish, my honourable friend.

If our government asked the British government for permission to table them because it was challenged to do so, the British government would release the telegrams.

Some Hon. SENATORS: They have refused.

Hon. Mr. HAIG: My friends say the British government has refused permission. I say they could have been tabled if our government had

asked that they be allowed to table them. The Hong Kong difficulty arises from the fact that the public had not been given all the evidence. Last year the opposition in the other place made a bitter fight to obtain this evidence. Finally it was tabled, but the important facts are contained in telegrams and cables which are still withheld. Until these documents are available, violent discussion up and down this country will continue.

I do not agree with my honourable friend in his bitter attack on the *Globe and Mail*. Almost from time immemorial the newspapers of our country have been allowed to criticize people. If the honourable senator lived in my home city he would have reason to know that, compared with the sort of criticism to which we are accustomed, the editorials in the *Globe and Mail* are actually mild. For example, both the Right Honourable Arthur Meighen and the late Viscount Bennett were subjected in a Winnipeg newspaper to comments of such a vindictive character that one could hardly bear to read them. Or take a current example. I agree with the particular newspaper's views as regards wheat marketing, but it must be admitted that the tone of its references to the Right Honourable Mr. Gardiner is most bitter, and criticisms of him in that vein have been continued for over a year.

My personal attitude to that kind of thing is: If that is the paper's attitude, let it go ahead. I do not believe it ever influenced a single vote. I recall very well a municipal election when the late Colonel R. H. Webb, who was standing for the mayoralty, was bitterly attacked by one of the Winnipeg newspapers. What was the result? He was elected with a large majority. During the next two years the attacks were continued, and at the next election he was returned with a majority even larger than before. Finally the business manager advised the editor: "I think I would cut out altogether these attacks on Webb. I don't think people are influenced by your editorials." I was of the same opinion.

All that the Hong Kong controversy amounts to is this: "Produce all the evidence and let the public judge". And they will judge.

My honourable friend has stressed Sir Lyman Duff's great record. When a judge accepts a commission to investigate what is a political question, because the commission was set up in response to political demands, he takes the risk of criticism from the side to which his findings are adverse.

There is no doubt as to where the lawyers of Canada stand upon this question. At the meeting of the Canadian Bar Association at Winnipeg in 1946, which some five hundred members attended, a report was received from the civil liberties committee upon questions arising from the espionage inquiry. This report contained nearly two pages of recitals, or "whereases", followed by the text of a resolution. When it came before the convention, there was a violent discussion as to whether these "whereases" should be retained. As one of the delegates, I took part in the debate and moved that all the "whereases"—which in tone were very critical of the government and the then Minister of Justice—should be struck out. I did not agree with the recitals, and I said so, and they were deleted. But none of the conclusions was affected, and all of them were passed by a vote of four or five hundred for, and not more than five or six against. One of the resolutions adopted, based on the committee's second recommendation, was:

> That the practice of appointing judges as commissioners to inquire into the conduct of persons . . . tends to confuse the functions of the judiciary with that of the police and prosecuting counsel, and as such is detrimental to the proper administration of justice and ought not to be followed.

It will be remembered that the specific case which the framers of the resolution had in mind was the appointment of two judges of the Supreme Court of Canada to conduct the so-called spy investigation. Criticism was directed against the appointment of judges to perform functions of this kind; and I am strongly of opinion, though I cannot be sure, that if the then Minister of Justice had to make the appointments again he would not select judges. Not a single voice was heard at the convention in opposition to the motion.

I have drawn attention to this incident in order to emphasize that a member of the Bench who accepts appointment as a commissioner ceases to be a judge and becomes a commissioner, and if a political issue is involved, he renders himself liable to the same kind of criticism as though he had no judicial standing. I do not think that my honourable friend, in his references to the Hong Kong inquiry, made this fact as clear as it should be made.

I shall not digress to talk about or assail the C.C.F., or to speculate on the probability of war in Europe, or whether Shields should be permitted to carry on his magazine, or this or that person should be permitted to do something else. I do not think that any of these matters can properly be debated in this house. We are not here for that purpose. I doubt very much whether it is appropriate for us even to discuss a resolution of this kind.

It does nothing to throw light on the subject, and it does not add to the dignity of this house. If an issue had been raised concerning the recent attack by the Premier of Saskatchewan upon the judges of the provincial Appeal Court because of certain judgments of that court, I could understand the propriety of a declaration on our part to the premier that "you cannot attack the Bench under these conditions, because you are impugning their judgment as judges." Thereby we would perform a service to the administration of justice in this country. But the strictures passed by the *Globe and Mail* are not upon Sir Lyman Duff in his judicial capacity. While I am convinced that the *Globe and Mail* is quite capable of taking care of itself and needs no defence by me or anyone else, I say that the newspaper was on sound ground in criticizing the findings of the commissioner, and that the press in general and other persons are entitled to discuss the issues as much as they like.

My honourable friend has delivered a very able partisan speech, but it will not have much effect on the political future of this country. If I were a member of the C.C.F. the effect of that speech would be to embitter me against the Senate; and we as a body should not have to suffer that sort of reaction, because we are not responsible for the speech.

It may be the opinion of my honourable friend, after listening to President Truman's speech, that we are facing another crisis in Europe. But we have known that all along; there is no disputing it. The Russians in their wisdom decided to do certain things with which I personally do not agree. As the records of this house will show, after the war ended I was the first in this chamber to draw attention to the menace of communism, and I have done so frequently since. We in Winnipeg have experienced communism in action longer than any other city. I say that with all due respect to the honourable senator from Vancouver South (Hon. Mr. Farris). There were members of the C.C.F. in the Manitoba Legislature over thirty years ago.

An Hon. SENATOR: There was no C.C.F. then.

Hon. Mr. HAIG: I sat with them. We have communists there now.

Hon. Mr. HOWARD: What has this to do with Hong Kong?

Hon. Mr. HAIG: My honourable friend discussed it. But I am not discussing Hong Kong. I merely state that I am convinced that the answer to the agitation is to put all the evidence on the table and let the public judge.

Hon. Mr. LAMBERT: In view of the great importance which the honourable leader of the opposition attaches to the questions which have arisen in the last few days in the discussion on Hong Kong, can he give any real enlightenment on the fact that in the election campaign of 1945 the issue was not raised in anything like the proportions it has now assumed? If these matters are important at the present time, surely they were infinitely more important in 1945.

Hon. Mr. HAIG: The war with Japan was still in progress in 1945.

Hon. Mr. LAMBERT: The election campaign took place after the San Francisco conference, which my honourable friend attended.

Hon. Mr. HAIG: No, the election took place during the conference in San Francisco, and at that time we were still fighting Japan. Indeed the war continued until, I believe, August 14. If a personal reference will be pardoned, I know a good deal about it; a son of mine who fought for a long time in Europe came back and volunteered for service against Japan. It would not have been fitting to raise the Hong Kong issue when this country was still in a state of war with Japan.

Hon. Mr. LAMBERT: Would it not have been all the more pertinent then?

Hon. Mr. HAIG: No. These troops were from the city of Winnipeg and from the province of Quebec. I do not know about Quebec, but opinion in Winnipeg is that these men were improperly trained and were not in category "A" according to army health requirements. They were category "B". It is also our understanding that the troops only had their small arms with them, and that the rest of their equipment followed in another boat. I repeat that we at home feel that these men were insufficiently trained to be sent to Hong Kong. Naturally we did not know war was coming to that part of the world, but we felt it. The allies all realized that there would be no peace in the world until Japan was stopped; and while the Americans did not anticipate the surprise attack on Pearl Harbor, they felt that war with Japan was imminent.

Those are the things that disturb me in this discussion, and I do not think this house can do anything to solve the problem. The only solution would be to lay all available records on the table. Mr. Drew wrote a letter, but the government will not allow it to be published. The government started proceedings against Mr. Drew, but did not follow them up. Why did they not prosecute him to the limit? At that time Mr. Drew was an ordinary

citizen; since then he has been twice elected Premier of Ontario, the second time by a large majority. He had a great record in the first war, and if he feels that the soldiers of the Winnipeg Grenadiers and the Royal Rifles of Quebec were not given a fair deal at Hong Kong, I think he should get all the facts if he deems that to be his duty. If he is proved to be wrong, I am convinced that the people of Canada, led by the people of Ontario, will punish him.

The proper reply to Mr. Drew's allegations is not a speech such as was made by my friend from Vancouver South, but the production of all the facts, so that the people of this country may judge for themselves.

Honourable senators, I do not agree with the attacks that have been made on the Premier of Ontario and the Premier of Quebec. I think it is a sad mistake to bring politics of this character into this house. I think that such matters should be dealt with by the popular house.

Hon. Mr. DUFF: What about the Prime Minister of Canada?

Hon. Mr. HAIG: The Prime Minister of Canada was not attacked. I heard him praised, but not attacked.

Hon. Mr. HOWARD: Is the honourable leader opposite speaking to this motion or on something else?

Hon. Mr. HAIG: My honourable friend from Wellington did not stop the senator from Vancouver South when he was speaking, and he has no right to stop me now. When the senator from Vancouver South started speaking he discussed events that took place back in the years of the Flood, and I wondered if he was ever going to get down to the nineteenth century. That should give me the right to wander all over.

Hon. Mr. CAMPBELL: Does the honourable leader opposite not agree that in a controversy of this kind—and I am speaking of the Hong Kong inquiry—there could not have been a more able or more capable commissioner appointed than Sir Lyman Duff?

Hon. Mr. HAIG: I make no criticism of him. I merely say that once he sat as a commissioner he ceased to sit as the Chief Justice, and that he became subject to the same criticism that could be made of any other individual who might sit as a commissioner.

Hon. Mr. CAMPBELL: Does the honourable leader opposite not agree that the charge of the Toronto *Globe and Mail*, that the findings of Sir Lyman Duff were false, is an unfair one?

Hon. Mr. HAIG: I have tried to distinguish, as did the Canadian Bar at Winnipeg, between a man taking a position as judge and as a commissioner. I feel that the minute he takes a commissionership he is subject to attack in a political issue, the same as anybody else.

Hon. Mr. MacLENNAN: And he can immediately become crooked.

Hon. Mr. HAIG: Some people think he did; but I do not say that. I am not questioning the appointment of the commissioner, but I say that all the evidence, including cables, letters and telegrams, should be placed on the table, so that the people of Canada can judge whether the findings made by Sir Lyman Duff were correct.

Hon. Mr. CAMPBELL: Does the honourable leader suggest that the tabling of all the evidence, which I understand consists of a million words, would enable the public to judge better than they could from reading the report of Sir Lyman Duff?

Hon. Mr. HAIG: If I were a Liberal member of the House of Commons, and all the evidence were placed on the table, I would see what answers I could make to Mr. Drew's charges if, in fact, he did make charges. I have never seen Mr. Drew's letter. It is said that he wrote one, but it has never been produced. If I had as much love for study as has my friend from Vancouver South, I would go through all that evidence and try to prove Mr. Drew wrong; if I were an opposition member I would go through it with the idea of proving him right. Neither of these things can be done, though, without production of all the evidence.

Hon. Mr. CAMPBELL: You would do that in order to prove the commissioner was wrong?

Hon. Mr. HAIG: Yes, if I took that view.

Hon. Mr. DUFF: Why not read Mr. Drew's letter?

Hon. Mr. HAIG: I have not got it.

Hon. Mr. DUFF: Who has got it?

Hon. Mr. HAIG: The government has it.

Hon. L. MORAUD: I would inform the honourable senator from Toronto (Hon. Mr. Campbell), that it has always been the custom to discuss commissioners' reports—and that is the very thing the senator from Vancouver South (Hon. Mr. Farris) has

accused the Toronto *Globe and Mail* of doing. In 1931 my honourable friends criticized a report made by the same commissioner. In that year Sir Lyman Duff and Sir Joseph Flavelle were appointed commissioners to investigate the railway situation. They brought in a report which, of course, did not please everybody. At that time the leader of the opposition in the House of Commons—the present Prime Minister—and his followers quite openly criticized the report of the commission. Nobody was scandalized by that action, and no one has ever presented a motion in the Senate to blame whoever might criticize findings made by judges or other people. The motion of the senator from Vancouver South (Hon. Mr. Farris) is as follows:

That he will call to the attention of the Senate the fact that some men in public positions and others and some newspapers are making unjustifiable attacks on the integrity of men in high office in a manner inimical to the good government of Canada and tending to give encouragement to the subversive elements in the land, and that he will at the same time inquire into those matters.

I appeal to honourable members of the Senate to say whether the unjustifiable attacks, if any have been made, were not made here, and very ably made, this afternoon. I am sure that in my province everybody will strongly resent the fact that the three men who have been attacked this afternoon are a Baptist minister from Toronto, the Prime Minister of Quebec and the Prime Minister of Ontario.

Hon. Mr. DUFF: Three of a kind.

Hon. Mr. MORAUD: The Quebec people will be very glad to hear that from the senator from Lunenburg.

I am quite sure that the senator from Vancouver South (Hon. Mr. Farris) did not have any mandate from the Right Honourable Mr. St. Laurent to do what he did this afternoon.

I know enough of the Minister for External Affairs and of his standing in my province to realize that he does not need any lawyer to defend him. He can very well take care of himself.

Now a word about the Prime Minister of Quebec. He is a fighter, he strikes hard, and he also can take care of himself. Being human, he of course makes mistakes, as everybody does, but in the province of Quebec he has done a much better job than any man has ever done in British Columbia. My honourable friend need not worry about communism in Quebec. There, unlike British Columbia, you will not see any tint of communism, and for its absence we are indebted to the Prime Minister of the province.

I thought that as a senator from Quebec I should make these remarks in answer to the speech by the senator from Vancouver South.

Hon. Mr. HOWARD moved the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 18, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NEW WESTMINSTER HARBOUR COMMISSIONERS BILL

FIRST READING

A message was received from the House of Commons with Bill 148, an Act respecting the New Westminster Harbour Commissioners and to provide for the refunding of maturing financial obligations.

The bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON, by leave of the Senate, moved the second reading of the bill.

He said: Honourable senators, there is nothing of a contentious nature in this bill. It simply provides for the refinancing of an obligation which will mature on April 2, 1948. As the bill must be passed by that date, I would ask for the indulgence of the house to give it second reading this afternoon.

I have asked the honourable senator from Cariboo (Hon. Mr. Turgeon) to explain the bill. Should further information be required beyond that given in the explanation, I have no objection to the bill being referred to the Standing Committee on Banking and Commerce, or any other appropriate committee.

Hon. Mr. HAIG: Before the honourable member explains the bill, I should say that I have read it and have no objection to it. If it is the wish of honourable senators, I am quite willing that it be passed today.

Hon. Mr. ROBERTSON: I will ask the honourable senator from Cariboo (Hon. Mr. Turgeon) to explain the bill.

Hon. J. G. TURGEON: As the honourable leader of the government has said, this bill contains nothing of a contentious nature. Even if it were contentious, I feel sure that on this particular occasion honourable senators would be happy to give it quick approval. This happens to be the fifty-first anniversary of the day when in New Westminster—from which the harbour commission referred to in the bill takes its name—there was born our honourable colleague, Senator McKeen, who came into the house last year.

Some Hon. SENATORS: Carried!

Hon. Mr. TURGEON: The bill relates to an obligation accepted by the Dominion Government twenty years ago in connection with the construction of a grain elevator at New Westminster. New Westminster is not one of the ports administered by the National Harbours Board, but two of the three harbour commissioners are appointed by the Dominion Government. If, as the leader of the government has said, it is the wish of honourable senators that the bill be referred to the Banking and Commerce Committee, I shall be glad to make the appropriate motion; but frankly I do not think that it is necessary.

The purpose of the bill has been explained in the House of Commons. It provides for the renewal of guarantees of $700,000, and at a lower rate of interest than has prevailed during the past twenty years; and definite assurance has been given in connection with this renewal that payment will be made only in Canadian currency and not, as at present, optionally in United States currency. I have great pleasure in urging the acceptance of the bill.

The bill was read the second time.

TOURIST TRAFFIC

REPORT OF COMMITTEE

Hon. W. A. BUCHANAN presented and moved concurrence in the third report of the Standing Committee on Tourist Traffic, as follows:

> Your committee recommend that it be authorized to print 600 copies in English and 200 copies in French of its proceedings, and that rule 100 be suspended in relation to the said printing.

The motion was agreed to.

ANIMAL CONTAGIOUS DISEASES BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill D-5, an Act to amend the Animal Contagious Diseases Act.

He said: Honourable senators, your committee have, in obedience to the order of reference of March 10, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill B-5, an Act to incorporate the Canadian Veterinary Medical Association.

He said: Honourable senators, your committee have, in obedience to the order of reference of March 10, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. HAIG: Now, with the consent of the house.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill O-5, an Act to incorporate the National Insurance Company.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Hon. Mr. GOUIN: With leave of the Senate, I would move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BIILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill C-5, an Act to incorporate the Canadian Association of Optometrists.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 10, 1948, examined this bill, and now beg leave to report the same with two verbal amendments.

The CLERK ASSISTANT read the amendments, as follows:

1. Page 3, line 13. Delete "subsection" and substitute "paragraph."

2. Page 5, lines 18 and 19. Delete clause 14 and renumber the following clause.

Hon. Mr. FARRIS: The amendments are immaterial.

The motion was agreed to.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. HUGESSEN: Next sitting.

PRIVATE BIILL

FIRST READING

Hon. Mr. ROEBUCK presented Bill T-6, an Act respecting Canadian Slovak Benefit Society.

The bill was read the first time.

PRIVILEGE

REFLECTION ON SENATOR

On the orders of the day:

Hon. T. D. BOUCHARD: Honourable senators, I rise on a question of privilege.

This morning I read in last night's press of some insinuations made against my integrity by Mr. Duplessis, the premier of the province of Quebec, and his colleague, Mr. A. Talbot, the Minister of Roads. As a member of the Senate of Canada, I owe to my respected colleagues an emphatic denial of the implied allegations.

The following telegram was sent by me to both ministers:

I have read this morning in last night's French press that under the shield of your parliamentary immunity you have cowardly as well as falsely insinuated that I personally benefited in the sum of eleven hundred dollars when a Cadillac car was bought by the Roads Department when I was a minister. If you are a gentleman I invite you to lay your charge directly outside the house, and I undertake to clearly prove in our courts of justice that your innuendos are pure calumny. You say that an inquiry has been held. That is a falsehood. This is the first time that I have heard this news. In a democratic country an inquiry cannot be held without the accused being summoned. True it is that for four years we in Quebec have been in a province where citizens rights no longer exist.

Even the man whom reactionaries class as "Enemy No. 1" of the province of Quebec has a right to his good reputation. True, I am an enemy of fascists and totalitarians of any kind, but I am the best friend of those in whose veins and hearts flows the same blood as in mine. For them I have undertaken to wage a war that may be long, but which will be won in the due course of time. That battle will be fought not under the sectional lily-and-blue Duplessis flag—the flag of mediaeval France—but under the Canadian flag, whatever it may be.

DAIRY INDUSTRY BILL

INQUIRY

On the Orders of the Day:

Hon. W. D. EULER: Before the Orders of the Day are proceeded with, I should like to direct an inquiry to the leader of the government. In this morning's *Citizen* I note an article which says that the government is now informed by the officers of the Department of Justice, that it is not required by the Geneva agreements to remove the ban on the importation of margarine. As this is in direct contradiction to a statement made in the Trade Relations Committee by the government officials who negotiated the agreements, I would ask the leader of the government if he can tell the senate which statement is correct?

Hon. Mr. ROBERTSON: I shall be delighted to endeavour to secure the necessary information.

Hon. Mr. HOWARD: After consultation.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. ROBERTSON: For the information of honourable senators, I may say that it is my intention to move when the house adjourns today that it stand adjourned until Monday evening next at eight o'clock.

I have arranged for a meeting of the Banking and Commerce Committee on Tuesday morning next, to consider the legislation already before the committee and any other business that may be referred to it in the meantime. I also have taken the precaution of suggesting that the committee on Natural Resources meet on Wednesday morning, as it is possible that some legislation which must be passed at this session will have to go before that committee.

I am unable to say what other committees may have to sit to transact the business coming before the house prior to the Easter recess, which I understand is to commence Wednesday, March 24, but I shall advise the house from time to time as I receive the necessary information.

LOAN COMPANIES BILL

SECOND READING

Hon. Mr. ROBERTSON moved second reading of Bill F, an Act to amend the Loan Companies Act.

He said: I have asked the honourable senator from Inkerman to explain this bill.

Hon. A. K. HUGESSEN: Honourable senators, this is a bill to amend the Loan Companies Act, which was originally enacted in 1914.

Hon. Mr. HAIG: Before my honourable friend proceeds further, may I ask him for some information which will help me to understand the bill? Representations have been made to me by a number of people who want certain amendments made to the bill. Is it proposed to deal with such matters when the bill is sent to committee?

Hon. Mr. HUGESSEN: I intend to explain those matters in the course of my remarks.

The Loan Companies Act, which is now cited as Chapter 28 of the Revised Statutes of 1927, was originally enacted by parliament in the year 1914, for the purpose of governing the operations of loan companies which had been organized under federal enactment. It was amended on two occasions, first in 1934 and again in 1939, but as the amendments were of a rather minor character I will not detain the house to explain them. The amendments which are now proposed are sought as a result of experience over the years, and with the object of bringing the Act up to date. Perhaps it would interest honourable members if I were to mention the companies which are now subject to the Loan Companies Act, because they are the parties affected by this legislation. There are only five such companies, but all of them are substantial and important.

Hon. Mr. MORAUD: What happened to the others? Have they been merged?

Hon. Mr. HUGESSEN: Some have been merged in existing companies, and one or two, I understand, have gone out of existence. In 1942 there were eight such companies; now there are only five, but among them they represent total assets of approximately $140 million. Their liabilities to the public are $110 million, their paid-up capital is of the order of $16,000,000, and their reserves amount to $12,000,000; so they are of substantial importance. The names of the five companies and the locations of their head offices are as follows: The Canada Permanent Mortgage Corporation, Toronto; the Central Canada Savings and Loan Company, Toronto; the Eastern Canada Savings and Loan Company, Halifax, the Huron and Erie Mortgage Corporation, London; and—the most recent—the International Loan Company, Winnipeg.

Hon. Mr. HAIG: The capitalization of the International Loan Company is not the largest.

Hon. Mr. HUGESSEN: I do not think it is. The company was organized about twenty-five years ago.

Hon. Mr. LESAGE: Is the London which the honourable senator has referred to London, Ontario?

Hon. Mr. HUGESSEN: Yes. The amendments, although rather formidable in extent, are somewhat inconsequential. Perhaps I should indicate to the house the principal changes which are desired.

The first change is to permit these companies to maintain an office elsewhere than at their head office, for the purpose of effecting stock transfers. This power of establishing branch offices now resides in every company which is organized by letters patent under the Companies Act. There is a change in the classes of investments in which such companies can invest their funds, in order to bring the enumeration of such classes of investments more into line with amendments to the Trust Companies Act which were made last session. In particular, it is desired to permit these companies to invest a certain proportion of their funds in no par value shares of other Canadian corporations; but there is the limitation that not more than 15 per cent of the total funds of any one company may be invested in common stock.

Hon. Mr. CRERAR: That is a new power?

Hon. Mr. HUGESSEN: Yes; at least it is an extended power. When, in April, 1914, the Act was originally introduced, there were no such things as no par value shares. The amendment is simply to modernize the provisions with respect to investment in that regard.

There are a few other provisions. The companies are empowered to increase the numbers of their boards of directors from the present maximum of twenty-one to not more than thirty. Boards of directors may appoint executive committees of the directors.

With the necessary authorization of their shareholders, companies may split their shares into values of less than $100. At the moment the unit is restricted to a minimum of $100. There is a somewhat important provision increasing the borrowing powers of such companies from six times to ten times the aggregate of their paid-up capital, reserves and cash.

This is the substance of the bill which is now submitted to us. But as the honourable leader of the opposition has remarked, since the bill was printed a number of representations were made to the Superintendent of Insurance by the Dominion Mortgage and Investments Association, which is the body charged with looking after the interests of these five companies. I understand that as a result of conferences which have been held between the association and the Superintendent of Insurance and his officials, certain amendments, not of any great substance but which have been agreed upon in principle by the department and the association, are to be suggested in committee for consideration if the house should give second reading to this measure. I am open to suggestions as to the committee to which the bill should be sent.

Hon. Mr. HAIG: Banking and Commerce.

Hon. Mr. HUGESSEN: Or should it go to the Finance Committee? Primarily the matter it deals with is a financial one. Perhaps the honourable leader on this side will indicate to which committee he thinks it desirable to have it sent.

Hon. Mr. HAIG: The Banking and Commerce Committee will be sitting. As I understand it, when the bill is referred to the committee, a delegation representing the five companies will have an opportunity to appear before it.

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. HAIG: One of their officers, a great personal friend of mine, asked me about a month ago to let him know when to attend. I presume the companies' representatives will be duly notified.

Hon. Mr. HUGESSEN: Oh, yes. The whole matter has been discussed in the most friendly spirit between the Superintendent of Insurance and the representatives of the Dominion Mortgage and Investments Association—

Hon. Mr. HAIG: So I understood.

Hon. Mr. HUGESSEN: —and I understand that they will appear before the committee and suggest amendments which have been worked out by them.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Since the Banking and Commerce Committee will be in session, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA SHIPPING BILL

SECOND READING

The Senate resumed from Tuesday, March 16, the debate on the motion for the second reading of Bill E-5, an Act to amend the Canada Shipping Act, 1934.

Hon. WISHART McL. ROBERTSON: Honourable senators, at the close of our discussion two days ago I asked the whip to adjourn the debate because I thought some honourable senators might wish to be heard. There is no particular urgency for second reading today, but some time before the Easter recess I should like to have the bill referred to the Standing Committee on Transport and Communications so that a date may be set for the hearing of witnesses.

If no one wishes to speak now, I would ask His Honour the Speaker to put the motion for second reading.

The Hon. the SPEAKER: The question, honourable senators, is on the motion for the second reading of the bill. Is it your pleasure to adopt the motion?

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PENNY BANK BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill R-5, an Act to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

He said: Honourable senators, the object of this bill is to wind up the Penny Bank of Ontario, and to repeal the Act under which it was incorporated. The purpose of the Penny Bank was to encourage thrift by providing school children with facilities, through their teachers, for saving pennies. This bank has been operating in Ontario since 1904, but during the war it stopped accepting deposits in order to avoid competing with the sale of war savings certificates and stamps to school children. The bank has not accepted any deposit since 1942.

It is now felt that the scheme places a burden on the teachers that exceeds the benefits arising from it, and the bank has requested that legislation be introduced to wind up its affairs. Resolutions of the Board of Directors of the Penny Bank of Ontario have been passed, approving the procedure set out in the bill. The Act itself is being repealed because the Penny Bank of Ontario is the only bank ever to be incorporated under it.

As of June 30, 1947, the financial position of the bank was as follows:

Deposits and accrued interest	$164,483.00
Bonds and accrued interest	100,750.00
Cash on hand and on deposit	140,229.47
Guarantee fund (of which $3,100 paid in cash by members)	20,000.00
Surplus funds	84,495.47

Briefly, the bill provides that the winding up shall be supervised by the Inspector General of Banks; that the bank shall realize its assets and discharge its liabilities; that all active accounts shall be transferred to the Post Office Savings Bank; that all dormant accounts of less than one dollar be extinguished; that members be repaid their subscriptions to the guarantee fund, and that any remaining funds be given to the Hospital for Sick Children in Toronto.

Accounts of less than one dollar which have been dormant for at least five years number 50,000, and have a value of $28,000. Accounts of more than one dollar which have been dormant for at least five years number 13,000, and have a value of $51,046. The number of all other deposits is 65,000, and the value $85,438.

I do not know that I can say anything more in explanation of this bill. I should be glad to have it referred to the appropriate committee, if any honourable senator feels that further information is desired.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second readings of the following bills:

Bill S-5, an Act for the relief of Rose Landes Clopoff.

Bill T-5, an Act for the relief of Micheline Desautels Dooney.

Bill U-5, an Act for the relief of William Roydon Slator.

Bill V-5, an Act for the relief of Marie Eva Thibodeau, Buelow.

Bill W-5, an Act for the relief of Margaret Sleno Staines.

Bill X-5, an Act for the relief of Jean Hume Munro Auburn.

Bill Y-5, an Act for the relief of Gilles Henault.

Bill Z-5, an Act for the relief of Edward Gordon Jakeman.

Bill A-6, an Act for the relief of Kathleen McKeown Stevenson.

Bill B-6, an Act for the relief of Alice Mary Gallant Currie.

Bill C-6, an Act for the relief of Muriel Frances Marks Buchanan.

Bill D-6, an Act for the relief of Leona Selma Cutway Hall.

Bill E-6, an Act for the relief of Avery Patricia Gill Reinhold.

Bill F-6, an Act for the relief of Poppy Catherine Hayakawa Smith.

Bill G-6, an Act for the relief of Dolores Margaret Paul Warner.

Bill H-6, an Act for the relief of Norma Bernstein Levee.

Bill I-6, an Act for the relief of Eileen Sophie McNamara Sepchuk.

Bill J-6, an Act for the relief of Mary Rowan Young Conway.

Bill K-6, an Act for the relief of Ethel Margaret Tweddell Cartmel.

The motion was agreed to and the bills were read the second time.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. HAIG: With leave of the Senate, I would move that these bills be now read a third time so that they may go forward to the other place during the Easter recess.

The motion was agreed to, and the bills were read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill L-6, and Act for the relief of Winnifred Audrey Meyer Holton.

Bill M-6, an Act for the relief of Chester Adam Hart.

Bill N-6, an Act for the relief of Marie Marguerite Cecile Gagnon Lescadres.

Bill O-6, an Act for the relief of Samuel Reinhardt Lewis.

Bill P-6, an Act for the relief of Ersilia Pace Imonti.

Bill Q-6, an Act for the relief of Helen Rose Noel Steele.

Bill R-6, an Act for the relief of Edith Saltzman Rashkovan.

Bill S-6, an Act for the relief of Ida Malfara Romanelli.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: Next sitting.

The Senate adjourned until Monday, March 22, at 8 p.m.

THE SENATE

Monday, March 22, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CONTINUATION OF TRANSITIONAL MEASURES BILL

FIRST READING

A message was received from the House of Commons with Bill 136, an Act to amend The Continuation of Transitional Measures Act, 1947.

The bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. A. B. COPP: As honourable senators are aware, it is requisite that this important bill pass through our house and receive Royal Assent before the 31st of this month. We are nearing the date when we hope to adjourn for the Easter vacation, and I assume that the bill will have to go before a committee for further study and consideration. Therefore, with leave of the Senate, I now move the second reading.

This is a short bill of only one section. Its purpose is to continue in force the present Transitional Measures Act for a further period of one year. It provides that the expiry date of the Act be changed from March 31, 1948, to March 31, 1949, or sixty days after the opening of the first session of parliament in 1949, whichever is the earlier. It also provides, as does the Act, for a further possible extension by joint address of both houses of parliament, should that prove necessary.

I think it will be generally agreed that, for the time being, at least, certain of the controls and orders under the Act are still required. So that honourable senators may understand just what the situation is under the Act, I have obtained for honourable senators lists—I think there is one on each desk—showing the orders in council which have been revoked, those which have been partially revoked, and those which are still in force. It will be remembered that when this Act was before us last year, there was appended to it a list of fifty orders under the Act. Of those fifty orders, twenty-three have been wholly revoked and the remaining twenty-seven are still in force, four of which have been partially revoked. The text of all these orders was given in the office consolidation distributed to each senator when the Transitional Measures Act was being considered a year ago. By going through the consolidation and striking out the paragraphs pertaining to the orders which have since been revoked, as indicated in the lists distributed tonight, honourable senators may have a clear picture of exactly what controls are still operative.

I do not intend to speak in detail about the various orders which parliament is being asked to extend for a further period of time. It is my hope that the bill, if it receives second reading tonight, may be referred to the Standing Committee on Banking and Commerce, which is meeting tomorrow morning. Honourable senators may then examine the appropriate officials on any of the orders in which they are particularly interested.

Hon. Mr. ROEBUCK: Can the honourable senator give us any assurance that this will be the last time the government will ask for an extension of these powers?

Hon. Mr. COPP: I have not been in close touch with the government; but we hope it will be the last time.

Hon. JOHN T. HAIG: Honourable senators, I heartily agree with the honourable acting leader of the government (Hon. Mr. Copp) when he says that he would like to get this bill before a committee tomorrow morning in order that we may have an opportunity to thoroughly consider it.

There is one part of the bill that I do not like; and that is the proviso, by which the Act could be extended for another year. I think that should be done by a special Act, and that the last part of section 1 should be struck out. In reality it would not hurt the bill, because it would continue in force until March 1949, before which time there will have to be a session of parliament. Then the Act could be extended again if necessary, and we would be able to discuss the merits of the case.

Tonight I have committed to writing a few thoughts—something I very seldom do—because I want to emphasize one feature of this bill in such a way that my words will not be misunderstood. I do not like controls because I think they are contrary to the principle of free enterprise. I am glad that the government have taken off a considerable number of controls, but I criticize them for not having taken them off as quickly as they might have done. I am not going into any detail, but I do want to touch on rent control. I could speak without notes, but I would rather follow my text.

I have never believed in controls once the war was over, and I do not believe in them now. Those of us who lived through the First World War remember that practically as soon as that war was over the controls were taken off. There was a flurry for about a year and then things settled down. Undoubtedly the same would have happened this time.

Without dealing with every control, I want to deal especially with rental control. This is positively the most iniquitous control that can be imagined. You simply take from the owner of housing accommodation part of the value of his property, and give it to the tenant. If in 1941 a tenant was renting for $60 a month a house that cost $6,000, he is still paying $60 a month, although to build that house today would cost $12,000. The answer is as plain as the nose on your face. No houses will be built for rental. True, I know that houses completed since January 1947 are not under control, but they are only a small part of the Canadian total; and practically none of these have been built for rental.

I own a house in Winnipeg for which the tenant is paying $72 a month. In 1939 he paid $70; therefore the rent in 1941 was frozen at $70. I was allowed to increase the rent by the amount of the increase in taxes over those of 1939. In the case in question this amounted to $2, so I am getting $72. That house would rent today—if the income return on the capital valuation was based on today's cost—at $140 a month. The tenant is well-to-do, in fact much better off than the owner; but will he buy a house? Not on your life. If he built a house the cost of maintenance, interest, taxes, insurance, etc., would be equal to $140 a month, and he would have just the same accommodation. The only person benefiting, therefore, is the man who happens to be tenant of a property which was built prior to the 1st of January, 1947.

The record in every city in Canada and in every one in the United States where a record has been made shows that the increase in housing units is proportionately greater than the increase in population. Take Canada. The increase in population between 1940 and 1947 was about 18 per cent. The number of housing units has increased 24 per cent. Why the shortage? There are two reasons. First, there are fewer people living in each housing unit now, in 1948, than there were in 1940. Let me illustrate by my own experience. In 1940 there were six people living in my house; today there are two. I dare not take any tenants, because it is practically impossible to get them out. And there are hundreds, literally thousands, of people in the same position as I am.

What the government ought to do with this control is to say "We will extend controls, not till the 31st of March 1949, but to the 30th of June 1949, and after that date there will be no more control." That would give the people lots of opportunity to get new accommodation or to adjust themselves to the situation.

I could quote figures to no end. Listen to this data. In 1939 there were in the Toronto area 200,740 housing units. In 1947 there were approximately 232,400. But what about the population? The Assessment Department of that city shows that in Greater Toronto there were 869,000 people in 1939; in 1947 there were 994,000. The occupation ratio, therefore, in 1939 was 4·32; in 1947 it was 4·26. If the 4·32 ratio was applied to the existing housing today there would be a surplus of 2,500 units. The data shows that the population increased 18 per cent, whereas households or separate establishments increased 26 per cent. You say, then why are there not more places to rent? The answer is simply that the number of dwelling units occupied by one person increased by 69 per cent, and the number occupied by two persons increased by 45 per cent. There are no vacancies. Yet, figures show that 70,000 married couples in Toronto now share the living accommodation of others, as against 41,000 in 1940.

Hon. Mr. HUGESSEN: May I ask the honourable senator a question? Do the figures 4·32 and 4·26 indicate the number of people living in each house?

Hon. Mr. HAIG: In each housing unit. In 1939 there were 4·32 persons.

Hon. Mr. HUGESSEN: On an average?

Hon. Mr. HAIG: Yes. And in 1947 there were 4·26. The surprising thing is that, as I pointed out, the number of dwelling units occupied by one person was 69 per cent greater in 1947 than in 1940, and the number occupied by two persons was 45 per cent larger.

I could go on and give you figures to no end. Exactly the same thing happened in Chicago—I think a nine per cent increase of the population and a 17 per cent increase in housing units—and it happened for the same reasons.

This whole scheme of rent control was tried out in France after the first war, and it is still in existence, with disastrous results. The same is true of Austria. Unless people can build properties for rental and receive a reasonable return on their money, none will be built. There is no solution to the problem except to allow rental values to find their proper level on the free market.

You may say that people in the lower-income brackets cannot pay rentals. That is because the fixed income is not large enough to meet the present cost of building materials and labour. As in the 1930's Canada and many other countries had to support unemployed, so it may be necessary during this period of high prices for the dominion or the provinces or the municipalities to subsidize the people in the lower-income brackets. But that is another problem. Rental control does not solve the problem—it has always made it worse.

The average cost of building today is about 200 per cent over what it was in 1940.

Hon. Mr. EULER: Surely, my friend does not mean 200 per cent of an increase.

Hon. Mr. HAIG: It is double what it was then. A house that cost $6,000 to build in 1940 will now cost $12,000.

Hon. Mr. EULER: That is a 100 per cent increase.

Hon. Mr. HAIG: Well, it is double the value.

The rental controls up to January, 1947, held rents down to what they previously were. People will say that from a political standpoint the proposition is dynamite, because there are a thousand tenants to one owner. But that has never in any country justified the controls which have had disastrous results. In my opinion the situation instead of getting better is going to get worse.

In the city of Winnipeg, for instance, a great many temporary houses have been built, and the people are clamouring for the government to build a thousand homes for veterans. The cause of that demand, as I have pointed out, is that on certain streets only two or three people now live in houses where once there were double that number. The reason for that is clear: the owners cannot get tenants out of their houses. Every day people are applying to our courts in an effort to get rid of tenants, and they cannot get them out.

I am one of those who believe that the government should set a date for the termination of rental control. I suggest June 30, because it comes in the middle of the summer and is the best time for moving. If that were to happen, I believe we would be surprised at the number of people who would accept the situation and prepare for it.

I do not propose to vote against the bill, but I feel very strongly that the sooner the government recognizes that rental control does not solve anything, the better it will be for the people who want accommodation

Hon. T. A. CRERAR: Honourable senators, I have only a few brief observations to make on the motion for second reading of this measure. While I think it necessary that the controls be extended for another year, I rather agree with the honourable leader opposite, that if a further extension is necessary it should be made by means of a new bill and not by an address. That, however, is a matter that can be discussed when the bill is before the committee.

Hon. Mr. ROEBUCK: Will the honourable gentleman permit a question? What is the difference between the two methods of procedure? In either case the measure would have to go before both houses of parliament.

Hon. Mr. CRERAR: That is quite true, but I believe a bill is somewhat more formidable than a resolution.

I do not like these controls. I believe that by next year, four years after the war, it should be possible to get clear of the emergency powers now vested in the government. These things have a habit of sticking, and the longer they continue the more difficult they are to get rid of. I have no hesitation in saying that I should like to see the end of them.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. COPP moved that the bill be referred to the Committee on Banking and Commerce.

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 135, an Act to amend The Canadian Wheat Board Act, 1935.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. COPP: Honourable senators, for the same reasons that I gave with regard to the bill which has just received second reading, I ask the approval and consent of the Senate to have this bill placed on the order paper for second reading at the next sitting of the house.

Hon. NORMAN P. LAMBERT: Honourable senators, before that recommendation is adopted, may I point out that the rules of the house require two days' notice of the second reading of a bill so that due time can be given to the study of it. I know that, upon the consent of the house, it is customary to consider second reading at the next following sitting. I personally would prefer that, in accordance with the rules, two days' notice be given of the consideration of this bill. In my opinion it is of such an important character, and has received such inadequate attention in the other place, that it is the duty of the Senate and of the standing committee to which it will be referred to give it very thorough consideration.

There are various phases of this bill which I think make it all the more necessary for us to examine it carefully. I would particularly mention the last part of the bill, relating to oats and barley, which involves the co-operation of the provinces in proposed complementary legislation. I observed in a western newspaper the report that the premier of one of the provinces has addressed a request to the minister in the other place for more information and certain assurances in connection with this measure. For this reason I believe for one thing that the correspondence of the premiers of the provinces concerned with the minister should be tabled, so that we shall have full opportunity to know what will be the attitude of the legislatures and governments of the provinces affected. For that reason, and others which I will not elaborate, I would like to see full consideration given to this bill.

I am willing to concur in the opinion of the Senate as to whether one day or two days will be sufficient for this purpose; but the standing committee which has this legislation in hand should be fully informed with regard to it. I do not think this measure should be rushed through merely because the house desires to adjourn on a certain date. If necessary, this bill could be carried over until after the adjournment without any harm being done.

Hon. T. A. CRERAR: I support the suggestion of the honourable senator from Ottawa (Hon. Mr. Lambert). This bill is a very important one; let there be no misunderstanding about that. In at least four material particulars it amends the Wheat Board Act. I hoped to have a copy of the bill last week-end in order to study it, but I was unable to procure one until about 3 o'clock this afternoon, when the bill in its third reading form came from the printer's. I do not believe it is possible to have this measure put through all its stages, and receive Royal Assent before we adjourn on Wednesday evening. Moreover, certain interests affected by the bill should have an opportunity to come here and present their views.

As honourable senators know, the bill provides for certain payments to wheat growers in the prairie country of money which belongs to them and which the Wheat Board has in hand. There can be no possible objection to that part of the measure. Further, there is provision for a pension plan. This requires some scrutiny: it indicates an expectation that this Wheat Board machinery is to be a permanent feature of our Canadian economy. There is also provision for an extension of the powers of the Wheat Board in dealing with wheat products, such as flour, bran, shorts and breakfast foods. These sections, I think, require rather close examination. I am assured that one of the milling companies interested in the manufacture of wheat products desires to make representations to the committee upon this matter. But what I regard as the most objectionable feature of the bill, and one which I cannot bring myself to support, is the section which puts oats and barley—coarse grains—entirely under the control of the Wheat Board, irrespective of the wishes of the individual farmer. That section is simply an extension to oats and barley of the present principle of marketing wheat. I might recall that previous amendments to the Wheat Board Act were justified on the ground that the board must be clothed with the powers necessary to implement the four-year wheat agreement which the government had made with the United Kingdom. There can be no possible justification of that kind, or any other kind, for putting oats and barley under the absolute control of the Wheat Board; and as far as I am concerned—and I make no bones about it—I am wholly opposed to that provision.

These are the reasons which make it impossible to deal with this bill in a hasty fashion. This measure should receive most careful scrutiny, and as far as I am concerned I shall support the honourable senator from Ottawa (Hon. Mr. Lambert). I think we should have at least a couple of days to study this bill before being asked to discuss it on second reading.

Hon. Mr. COPP: Honourable senators, like my honourable friend from Churchill (Hon. Mr. Crerar) I would be out of order to speak on this matter now. His remarks related to the principle of the bill, the second reading of which has not yet been moved. I only suggested that we might consider it tomorrow, when, if we were not ready to proceed, it could be stood over again.

On behalf of the honourable leader of the government I want to assure honourable senators that I have no desire to rush this bill through the house in any way, shape or form. I had thought that we might give it second reading tomorrow and, if the debate did not prove to be too long, that we could get it to committee and perhaps have it returned to us before the Easter recess. This suggestion was only made for the consideration of the house. I know the bill is an important one. I should like to learn something about the grain trade, for I know nothing about wheat growing or wheat selling.

Hon. Mr. CRERAR: Honourable senators, I did not attempt to make a speech such as I will make on the second reading of this bill, if my voice permits. I simply wanted to point out some of the reasons why I regard this as a very important measure and why we should have sufficient time to study it before second reading.

Hon. Mr. HAIG: Is there any necessity for passing this bill before we adjourn for the Easter recess?

Hon. Mr. COPP: My understanding is that it is not imperative, but I do think the government desires to get these provisions passed in order to make participation payments to the farmers, who are anxious to have them for use in their seeding operations in the near future.

The Hon. the SPEAKER: Objection has been taken. Second reading on Wednesday next.

THE SENATE CHAMBER

ATMOSPHERIC CONDITIONS

On the Orders of the Day:

Hon. Mr. HAIG: Honourable senators, I want to draw the attention of the appropriate officials of this house to the draft in this part of the chamber. It has been very bad in the last few days, and the distinguished Whip of our party (Hon. Mr. White) is suffering from a severe cold by reason of it. We on this side of the house have noticed a draft every day. There is one right now. I object strenuously to being exposed to such conditions, and I think the appropriate officials should see to it that the matter is corrected.

Hon. Mr. PATERSON: The Committee on Public Buildings and Grounds received an order of reference to inquire into this matter, but as nothing had been heard of it lately I thought the weather had so improved that there would be no further complaint. However, as chairman of the committee I shall see that the matter is dealt with, and I hope the honourable leader opposite will attend the committee meeting.

Hon. Mr. HAIG: Thank you.

NEW WESTMINSTER HARBOUR COMMISSIONERS BILL

THIRD READING

Hon. Mr. COPP (for Hon. Mr. Robertson) moved the third reading of Bill 148, an Act respecting the New Westminster Harbour Commissioners and to provide for the refunding of maturing financial obligations.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. COPP (for Hon. Mr. Turgeon) moved the third reading of Bill C-5, an Act to incorporate The Canadian Association of Optometrists.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

Hon. Mr. HAIG moved the second readings of the following bills.

SECOND READINGS

Bill L-6, and Act for the relief of Winnifred Audrey Meyer Holton.

Bill M-6, an Act for the relief of Chester Adam Hart.

Bill N-6, an Act for the relief of Marie Marguerite Cecile Gagnon Lescadres.

Bill O-6, and Act for the relief of Samuel Reinhardt Lewis.

Bill P-6, an Act for the relief of Ersilia Pace Imonti.

Bill Q-6, an Act for the relief of Helen Rose Noel Steele.

Bill R-6, an Act for the relief of Edith Saltzman Rashkovan.

Bill S-6, an Act for the relief of Ida Malfara Romanelli.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. HAIG: With the consent of the Senate, I would move third reading now.

Hon. Mr. DUFF: On division.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 23, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EMERGENCY EXCHANGE CONSERVATION BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 3, an Act respecting emergency measures for the conservation of Canadian foreign exchange resources.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 10, 1948, examined the said bill and now beg leave to report the same with certain amendments.

The Clerk Assistant read the amendments, as follows:

1. Page 1, line 6. After the numeral "2." insert "(1)".

2. Page 1. Add the following as subclause two of clause two:
"(2) His Majesty by right of Canada or of any province is bound by this Act."

3. Page 6. Schedule I. Delete:
"65 Biscuits, not sweetened.
66 Biscuits, sweetened."

4. Page 6. Schedule I. Delete tariff item No. 87 and substitute:
" 87 Vegetables, fresh, in their natural state, ex 711 or cut or shredded."

5. Page 8. Schedule I, line 16. After "insulation board," insert "match stem stock".

6. Page 22, schedule II. After tariff item No. 44 insert:
"65 Biscuits, not sweetened.
66 Biscuits, sweetened.
66a Biscuits, sweetened or unsweetened, valued at not less than 20 cents per pound, said value to be based on the net weight and to include the value of the usual retail package."

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CONTINUATION OF TRANSITIONAL MEASURES BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 136, an Act to amend the Continuation of Transitional Measures Act, 1947.

He said: Honourable senators, the committee have examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE STATISTICS

PROGRESS REPORT

Hon. Mr. HAIG: Honourable members, with the permission of the house I should like to supply the following information with respect to the progress of the work of the Divorce Committee.

Petitions filed	329
Petitions heard and recommended	159
Petitions ready for hearing	70
Petitions pending completion of filing	100

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill U-6, an Act for the relief of Francis Clyde Peachey.

Bill V-6, an Act for the relief of Harriet Dodd McLachlan Cummings.

Bill W-6, an Act for the relief of Phyllis Smith Curtis.

Bill X-6, an Act for the relief of Jacqueline Louise Waddington Skinner.

Bill Y-6, an Act for the relief of George Malouf.

Bill Z-6, an Act for the relief of Sonja Anna Margaret van der Walde Brown.

Bill A-7, an Act for the relief of Richard Edward Welsh.

Bill B-7, an Act for the relief of Violet Maude Mitchell.

Bill C-7, an Act for the relief of Elsie Williams Lodge.

Bill D-7, an Act for the relief of Joseph Albert Aldee Leveillee.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: Next sitting of the house.

DAIRY INDUSTRY BILL

INQUIRY

Hon. Mr. ROBERTSON: Honourable senators, with respect to the recent inquiry by the honourable senator from Waterloo (Hon. Mr. Euler), I may say that because of my unavoidable absence from the house yesterday and part of this morning I have not secured the information he requested. I shall, however, endeavour to do so at the earliest possible moment.

SUSPENSION OF RULES

NOTICE OF MOTION

Hon. Mr. ROBERTSON: I beg to give notice that tomorrow I will move:

That for the balance of the present month Rules 23, 24 and 63 be suspended.

I give this notice in pursuance of the practice of this house when adjournment and Royal Assent are about to take place. The suspension will apply until the commencement of the Easter recess. I may add for the information of honourable senators, that any powers which flow from this suspension of the rules will not be applicable to an important piece of legislation which came before the house in my absence, and concerning which there is a time factor. The motion relates to the general business of the house, with that specific exception.

Hon. Mr. CRERAR: Does my honourable friend refer to the Wheat Bill?

Hon. Mr. ROBERTSON: Yes.

CANADIAN WHEAT BOARD BILL

MOTION TO RESCIND ORDER

On Notices of Inquiries and Motions:

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are reached, may I say a word about Order No. 1 for tomorrow?

I was unavoidably absent from the house yesterday, but I knew the continuation of Transitional Measures bill and the Canadian Wheat Board bill would reach this house last evening, and it was my hope that when I returned some progress would have been made with these measures. In discussing the matter with the deputy leader (Hon. Mr. Copp) this morning I learned that the Transitional Measures bill was then being considered in committee—it has since been passed—and I expressed the hope that the Senate would see fit to proceed with the second reading of the Wheat Board bill this afternoon, with the expectation that it would be put through before the date set for adjournment.

I have read with interest the discussion which took place in the house yesterday, and I believe that the deputy leader took the right attitude towards this matter at that time. The usual practice of the Senate has been to waive, by unanimous consent, the rules which require a lapse of two days before a bill can be given second reading. Of course any honourable senator who sees fit is entitled to object, and it was in consequence of such an objection that the Wheat Board bill was placed on the order paper for second reading tomorrow.

Whatever desire there may be on the part of the government to have this measure passed at as early a date as possible, it is not in the same category as the Transitional Measures bill, which expires on March 31, and which obviously must be dealt with at once if parliament is to adjourn tomorrow to a date subsequent to March 31. I had hoped that all matters now before us for consideration would be dealt with this week, because that would have provided me with an excellent reason for advising the Senate that it will not be necessary for us to resume on April 5, when, I understand, the House of Commons intends to reassemble; but I would not want the Canadian people to imagine that we take adjournments at the expense of the business of this country.

It is obvious that if there is no work before us and no reasonable likelihood of any, the length of our Easter adjournment can be regulated accordingly. I am therefore a little disappointed at the indication that we cannot proceed today with at least a discussion of the Wheat Bill. But I am entirely in the hands of the Senate. I realize the importance of the bill; I recognize that there are honourable senators who have strong views about certain parts of it; I do not intend to ask the house to do otherwise than to make use of any time which may be reasonably available for consideration of the measure. I shall not attempt to urge honourable senators to deal hastily with this legislation because adjournment is imminent. There is nothing in the world to prevent us from coming back at the same time as

the House of Commons, and giving immediate consideration to the bill, and then taking whatever adjournment may seem fitting; but I am sure honourable senators agree with me that we should not contemplate a lengthy adjournment while important unfinished business remains before us.

Now, despite the good reasons to the contrary which were given yesterday, I am going to ask the house to consider the advisability of going ahead with the Wheat Bill this afternoon.

Hon. Mr. DUFF: Quite right. Go ahead.

Hon. Mr. ROBERTSON: In so doing, I do not suggest that the debate should be terminated today. That is for honourable senators to decide. But as no business remains for our attention beyond that which is set down for this afternoon, or this evening, I say quite frankly that I should like to see as much progress as possible made before we go home. In saying that I am not to be understood as objecting to giving all the time which is necessary to the consideration of this legislation. I am prepared to come to this capital and stay here, if need be, continuously; and I believe that sentiment is shared by all honourable senators. If there were unanimous consent, I would move for leave to have considered this afternoon the matter which is set down for tomorrow afternoon. It could then be proceeded with. Otherwise, the matter will have to take its course and be dealt with tomorrow afternoon, and from then on as circumstances demand.

Hon. JOHN T. HAIG: Honourable members, coming as I do from one of the more distant provinces, I am much disturbed by the implications of the government leader's statement. I am quite willing to be here: indeed this year I have missed only one day. The opening day came on a Friday, and I did not feel inclined to come here for the Friday session and stay around on Saturday and Sunday.

I wish honourable senators to realize clearly my position in this matter. The amendments to the Canadian Wheat Board Act are of great interest, especially to the three prairie provinces. If we do not consider the bill before adjourning, it will stand over and we shall have to come back to discuss it on April 5. I am quite willing to do that myself, but I am afraid that we would not have a representative opinion because some members would not feel like coming back on the 5th April for three or four days' work.

The situation now is this: the Interim Supply bill and the Supplementary Supply bill will probably come over from the other house tomorrow; it will not take long to pass those bills; then, as there will be nothing else coming from the other house at an early date, we shall have nothing to do for a long time. I know that honourable senators who live outside of Ontario and Quebec would appreciate a reasonable adjournment at this time of year. Whether we like it or not, we have to make out our income tax statements before the end of April, and if one is in business it is a considerable problem to get in all the exemptions to which one is entitled, and it takes a great deal of time and co-ordination with the office to complete the return.

I earnestly appeal to the honourable gentleman who objected last night to reconsider the matter now and decide whether they cannot go on with the debate. I know that if the honourable leader moves second reading of the bill, I shall have some uncomplimentary things to say about it, which may stir up some opposition; but I am prepared to speak, and for the good of the Senate would urge that we proceed with the debate. It should be remembered that the Senate meets only three days a week and that for the remaining four days those of us who come from far away places have to sit around with nothing to do. It is true that a few of us who serve on the Divorce Committee are able to consume a lot of time in hearing divorce petitions, but I can assure honourable senators that that is not a very pleasant occupation, to say the least.

There may be some new points in this bill which relate to oats and barley, but the fundamental proposition behind wheat or grain control is not new, and has been fully discussed over the last two years. I would therefore urge the house to accede to the suggestion of the leader of the government, and try to get on with the bill now.

Hon. Mr. MORAUD: What is the urgency of it?

Hon. Mr. HAIG: The urgency lies in the second part of the bill, wherein the government proposes to pay out an additional advance to persons who have sold wheat to the Wheat Board. The original amount paid out to a wheat producer, upon the wheat being delivered to the elevator, was $1.35 per bushel, less freight and carrying charges. It is now proposed to increase this amount by twenty or twenty-five cents. In other words, a farmer from Alexander, Manitoba, who delivered, say, a thousand bushels of wheat to the Wheat Board, would receive twenty cents a bushel. This provision would be very useful to the farmers at this time of the year, but it will have to be carried out before April 15. I have no objection to this provision, but I should have liked to see the bill divided so that oats and barley would have

been dealt with separately. If this had been done no difficulty would have been encountered, and sections 1, 2 and 3 of the bill as now before us could have been passed. Though I would make minor objections to these sections, I would vote for them; but I cannot vote for section 4, and I feel it will be fully discussed. I do not think the bill can be divided now, so I would urge that we get on with the discussion.

Hon. NORMAN P. LAMBERT: Honourable senators, as I was responsible yesterday for suggesting observance of the rule requiring two days' notice before the bill is discussed on second reading, I should like to point out my main reason for so doing.

During the course of my brief remarks yesterday I intimated that the position of the provinces is very definitely involved in this legislation, and I made reference to correspondence which had been conducted between the provincial premiers and the minister in charge of this bill. In this connection I suggested that the correspondence should be tabled for our information.

In pursuance of this point I should like to read an extract from a report which appeared in the Winnipeg *Free Press* last Thursday. It reads as follows:

> It is known that many members of this predominantly farmer coalition are uneasy about the policy which may be followed by the board should the proposed legislation act at Ottawa become law. For this reason the government, it was learned Wednesday, has sent a letter to Right Hon. C. D. Howe, Minister of Trade and Commerce, who is in charge of the bill.
>
> The letter enquires as to the precise nature of the amendments. It seeks a direct answer to the question whether the board would use its marketing authority to prevent western oats and barley growers from receiving the highest possible return for their products—that is, whether the board would tend to favour feeders of livestock and poultry in this country, by keeping prices down to the prairie growers and barring them from possibly more lucrative markets elsewhere.
>
> If satisfactory answers are received to these questions, there would appear to be more chance of complementary legislation being acceptable to a majority of the entire coalition.

Certainly the tabling of these two letters for the enlightenment of this house would have a definite bearing on the attitude of honourable senators towards this bill on second reading.

Hon. T. A. CRERAR: Honourable senators, as one who last evening raised some objection to this bill may I be permitted to say a word or two, though really, I think, our whole discussion at the moment is out of order.

Honourable senators, it seems to me rather extraordinary to suggest—I do not think that is putting it too strongly—that it is desirable to dispose of this bill before the Senate adjourns tomorrow. The honourable leader of the opposition (Hon. Mr. Haig) has pleaded that it is necessary to get the payments that will be made under this bill into the hands of the farmers' by April 15, if possible. In reply to that argument I say that any person who is aware of the situation knows that that is not possible. First the government has to determine, on the advice of the Wheat Board, what payments will be made. When that has been done, the Wheat Board has to calculate the payments to be made covering the accounts of every farmer—probably 300,000—who has marketed wheat during the last three years. The urgency that the honourable leader of the opposition contends for is just not there. This is an important bill, and there are some of us who feel very strongly about certain of its sections. Frankly, I do not think it is possible to put it through before the Senate adjourns tomorrow night, and I do not think we should attempt it, even though our failure to do so might mean that we have to come back on April 5 to consider the bill further. And may I say in passing that I do not see the urgency for coming back then, either.

People who are going to be vitally affected by legislation of this kind should have an opportunity to come and present their views upon it if they so desire. Surely we have not reached the point where important legislation of this nature, which takes away an individual's freedom to market his oats and barley as he sees fit, is to be railroaded through without giving opponents a chance to object to it. I really think that would be a most remarkable procedure, and I should like to suggest to the leader of the government that since the bill cannot be put through before we adjourn tomorrow night, without unseemly haste, its consideration should be postponed until after the Easter recess. And, I say again, it is not necessary for the Senate to come back on the 5th of April to proceed with this legislation.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. CRERAR: The government has had plenty of time to bring the bill down before now. I do not wish to be critical of the government; but I would point out that parliament assembled on December 5 last, and that we are now near the end of March. There have been nearly three full months of parliamentary sittings during which this measure could have been brought before us. Some eight or nine days were spent on discussing it in another place.

Hon. A. L. BEAUBIEN: Longer than that.

Hon. Mr. CRERAR: Are we simply to rubber-stamp it now? If we do, we shall certainly be inviting the sort of criticism that has been directed against the Senate from one end of the country to the other in the past, that it is simply a rubber-stamp and of no importance. So far as I am concerned, I am against putting the bill through before we adjourn, and I would respectfully suggest to the leader of the government that it be allowed to stand until the Senate reassembles, when we could take it up in a fair, business-like and orderly manner, and give the people who may have something to say on it an opportunity to come here and say it. I am sure that I am well within the judgment of the house when I say that no senator would want to shirk his responsibility on a measure of this kind in order that he might enjoy three or four days more of an Easter recess.

Hon. Mr. ROBERTSON: From what I have heard, I take it that my honourable friend would object to a motion to proceed with second reading today.

Hon. Mr. HARDY: Yes.

Hon. Mr. ROBERTSON: I have simply been trying to explain as clearly as I can what the situation is, and I thought that in the circumstances we could perhaps make some progress with the bill today. However, I am perfectly willing to proceed in whatever way the Senate wishes. I see no reason why the motion for second reading could not be made tomorrow, and then any senator who wished to adjourn the debate could do so. Whatever course is followed will make no difference to me, but I do not want to be placed in a position where I am not doing everything that I can to facilitate the work of the house. I am of course bound by the wishes of the Senate, and I take it that my honourable friends would object to my moving the second reading today.

Hon. Mr. LAMBERT: I am not objecting to that, but I should like to have some assurance that the correspondence which I have mentioned will be asked for and tabled, for the enlightenment of this house. That correspondence has a very direct bearing upon the bill.

Hon. Mr. ROBERTSON: There was no formal motion for production of the correspondence, and I must confess that I had not noticed my friend's request. I do not know that there is such correspondence, but I shall be very happy to inquire about it and to get it, if possible. I certainly cannot get it today, and I do not know if I could get it for tomorrow. I have made no inquiries whatever about it. Unfortunately I did not get back from Montreal until just after twelve o'clock today. It seems to me that the only way in which we can make progress with the matter today is by my moving the second reading—and of course any member who so desires may object to that.

Hon. Mr. CRERAR: Assuming that we proceed with the motion for the second reading today, is it the leader's desire that we complete the discussion and refer the bill to committee, so as to have it back here for assent tomorrow?

Hon. Mr. ROBERTSON: I frankly say that the sooner I can get legislation through, the better I like it; but I am not asking any senator to forgo any right or privilege which appears to him to be a reasonable one to exercise. The charge that the government is slow in getting legislation over to the Senate is an old one. Also, there is an old saying that the government proposes and the opposition disposes. As there was not much business on our order paper this afternoon, I thought that we might make some progress with the bill. That is the situation.

Hon. A. L. BEAUBIEN: Honourable senators, may I make a suggestion? If the Senate were to give unanimous consent to the making of the motion for second reading this afternoon, and if that motion were carried, the bill could be considered in committee tomorrow, when the correspondence desired by my honourable friend from Ottawa (Hon. Mr. Lambert) could be produced. Like some other senators, I am not enamoured of certain features of the bill; but if it is not suitably amended in committee there can be further debate on the motion for third reading. On the other hand, if the objectionable features are removed in committee, we can have third reading before the Easter adjournment.

Hon. Mr. LAMBERT: Honourable members, may I be allowed to add one word? If it were not for the fact that the correspondence to which I have referred is very pertinent to the decision that we will have to make when we come to vote on the motion for second reading, I would agree completely and at once with the honourable leader's request to proceed with second reading today. I would have to vote against the bill in its present form, because the last part of it is fundamentally contrary in principle to what I believe in. And may I say again that I think the correspondence to which I have referred, which sets forth the viewpoint of the provinces on the

bill, and of one province in particular, would have a decided effect upon the opinion of the house.

Hon. Mr. DAVIES: Has that correspondence been considered in another place?

Hon. Mr. LAMBERT: I do not think it was asked for there.

Hon. A. L. BEAUBIEN: Yes, it was asked for, and I understand the minister said he would request permission of the provinces to table it.

Hon. Mr. LAMBERT: I think this chamber is peculiarly obligated to consider the position of the provinces in relation to this measure, just as it would in relation to any other that would call for complementary action on the part of the provincial legislature. It is because of the Senate's traditional obligation in a matter where the provinces are concerned that I am taking this point of view.

The Hon. the SPEAKER: I would call the honourable gentleman's attention to the fact that there is nothing before the Chair.

Hon. Mr. ROBERTSON: I apologize to His Honour the Speaker.

May I offer this suggestion: that I make my motion and briefly explain the bill, and that while honourable senators proceed with the discussion I absent myself from the chamber and endeavour to ascertain whether such correspondence is in existence, and if so, when it can be tabled? Should the results of my inquiry not appeal to my honourable friend, he can then exercise his right to adjourn the debate. Whether or not that suggestion is an agreeable one is for the house to decide.

With leave of the Senate I move that the order for the second reading of Bill 135, an Act to amend the Canadian Wheat Board Act, 1935, which appears on the Order Paper for Wednesday, March 24, be rescinded.

Some Hon. SENATORS: Carried.

The motion was agreed to.

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 135, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable senators, as my honourable friends the senator from Churchill (Hon. Mr. Crerar) and the senator from Ottawa (Hon. Mr. Lambert) have pointed out, this is a most important bill. It is so important that in attempting to explain it I feel more than my usual inability. Had circumstances permitted, this is one of the occasions when it might have been desirable to have ministers who are thoroughly acquainted with all the details and ramifications of the measure, come here from the other place and give their explanations. They could do much better than I shall ever hope to do. Indeed, I have a feeling that because there are sections of the bill about which honourable senators hold very strong views, any contribution I can make will probably not afford them half as much information as they already possess. It seems to me, therefore, that the less I say the better. If the bill is referred to committee at the earliest possible moment, the ministers concerned can come and supply any information required. I am sure that they can make a much greater contribution to the consideration of the details of this very difficult question than I can. Like my honourable friend from Lunenburg (Hon. Mr. Duff), I come from the Atlantic coast and know very little about wheat. Fish is our specialty.

This bill contains four amendments which are for the following purposes: (a) to make provision for pensions for members, officers and employees of the Wheat Board; (b) to provide authority to increase the fixed minimum price of $1.35 and to make corresponding increases in payments to producers who have delivered, or will deliver, wheat to the board within the five-year pool period; (c) to extend to wheat products the control of interprovincial movements of wheat; and (d) to empower the Governor in Council, by regulation, to extend to oats or barley the regulations now applicable to wheat.

I am indebted to the honourable leader opposite and other honourable senators for elucidating so many of the points involved in this question. As a result, I feel that my duty is a simple one.

As to the first amendment, I may say that although the board has been in existence since 1935, there has never been any pension scheme for its employees, as there is for most government personnel. It is now proposed to set up a pension fund for this group, half of which would be contributed by the employees, the other half being charged to the Wheat Board as an operating expense. The number of employees so covered would be about 457, and the annual cost to the board would be around $78,400.

The second amendment empowers the government to pay a higher initial payment for wheat sold to the five-year pool than the present figure of $1.35. As a result of the operations of the Wheat Board during the first two and a half years of the pool, there will be, when the 1947 crop operations have been com-

pleted, a substantial surplus of about $234 million. The amendment would permit the accumulated funds to be paid out more rapidly to the farmer, by the setting of a higher initial price than at present. The bill does not stipulate an exact figure for the new price; instead, it leaves the government free to raise the price in accordance with the financial prospects of the five-year pool, which of course can change considerably in the last two years of the pool. This degree of flexibility in setting the minimum payment for wheat sold to the board is expected to assist in giving the farmer full compensation for his wheat in the shortest possible time.

The third amendment has to do with extending the Wheat Board's regulations, so as to cover wheat products as well as wheat. In the past the lack of such a provision has left a serious loophole. Farmers could sell to the flour mills at a price higher than the initial payment of the Wheat Board, and thus deprive the five-year pool of a part of its revenue. This was unfair to farmers who sold their wheat to the board at the official price.

The final amendment proposes to empower the Governor in Council, by regulation, to extend to oats and barley the system now employed in handling wheat. The government has been under strong pressure from farmers' organizations to make it possible for the board to take over the marketing of oats and barley. Although there are serious constitutional doubts as to the power of the federal government to undertake this measure, the government is asking that this permissive section be included in the bill. Then if a workable scheme for marketing these products through the Wheat Board can be agreed upon by the producers and the provincial governments concerned, and the provinces pass the necessary complementary legislation, the Dominion Government will be in a position to decide whether or not such a plan should be put into effect.

There is no technical factor involved in this legislation, such as the expiry date which applied to the Continuation of Transitional Measures bill. The argument for early action is that the sooner the measure receives parliamentary assent, the sooner the payments will reach the farmers concerned. Some honourable senators have pointed out the importance of the legislation. I feel that if we proceed with it, and utilize all the time available to the best advantage, no one can find fault with us. I certainly would not urge any other action.

I do not think I can add much to what I have already said in the course of this explanation. As this bill pertains to agriculture, I would suggest, if the house sees fit to give it second reading, that it be referred to the Standing Committee on Natural Resources. I have the consent of my colleagues to the attendance of witnesses, including any who signify a special wish to be present; and I am quite willing to let the matter take its course in accordance with the customary practice.

Hon. Mr. JOHNSTON: That might take up considerable time. If we are going to bring witnesses here from various parts of Canada, we may be here for a week or two. With due deference, it seems to me that the better course would be to send this bill to Committee of the Whole, where every person would have the opportunity of saying something about it.

Hon. Mr. ROBERTSON: I suggested that the bill be referred to the Standing Committee on Natural Resources because I thought that in all probability the committee would welcome the attendance of those of my colleagues who have a special degree of knowledge and experience of these matters. But I am willing to agree with any suggestion which has the approval of the Senate.

Hon. Mr. LAMBERT: A year ago, when the amendment of the Wheat Board Act was before us, the question of reference to the appropriate committee came up and it was decided, I believe, to refer it to the Committee on Banking and Commerce on the ground that it very definitely dealt with a subject of commerce rather than of agriculture and production. The bill which is before us today is the result of the work which was done in that committee. I think it was generally agreed last year that the personnel of the committee included nearly everyone with any particular knowledge of or special interest in the subject. I would ask the government leader if he would consider again referring it to that committee.

Hon. Mr. ROBERTSON: On these matters I have an open mind. Generally I get into more trouble by reason of referring matters to the Committee on Banking and Commerce than for not doing so. I endeavoured to determine in my own mind whether this bill related more to agricultural than to financial interests, and it was my humble judgment that it pertained particularly to agriculture. It did not seem to me that any interest would be prejudiced by reference of the bill to the Committee on Natural Resources, because the honourable senator for Churchill (Hon. Mr. Crerar), who presides over that committee,

would give it the advantage of his experience and knowledge. But I am not unwilling to consent to the reference of the bill to the Banking and Commerce Committee. I have such implicit confidence in the chairmen and the members of both committees that either committee will be satisfactory to me.

Hon. Mr. ROEBUCK: The leader of the government referred to the pension fund contemplated in this bill. He said that the board and the employees would contribute to the fund on a 50-50 basis. Where does he find that in the bill? As I read it, the board are given unlimited powers to pay out of their funds into a pension fund, but there is no indication of any plan or any limitation of the amount which they may pay.

Hon. Mr. ROBERTSON: At the moment I cannot answer my honourable friend's question. It is my impression that the information conveyed to me was compiled from statements made by the minister in the other place. My honourable friend's question would be a very pertinent one to put to the minister. I am not in a position to answer it.

Hon. JOHN T. HAIG: I shall not delay the house at any great length. I thank the leader of the government for his explanations: I can quite understand his position. If we were talking about fish I would be as much at sea as he is on the question of grain.

The bill as he outlined it covers four matters. Dealing first with the establishment of a pension scheme, I agree with my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that the intentions in this respect are not very clearly defined, and I am not going to deal with the subject except to say that the Wheat Board is as much a government organization as the Transport Board or any other creation of parliament or of the government, and if its employees are to be pensioned they should be pensioned by the people of Canada and not by the farmers who produce the grain.

To the next item, the provision for increased payment to producers, there can be no objection. The purpose is merely to pay the farmer some money, over and above $1.35 per bushel, which he expected to get, under the provisions of the original Act, at the end of five years. At present, instead of paying the farmer $1.35 a bushel upon delivery of the grain at the car point in the rural area, he is paid the net amount remaining after the deduction of freight charges from that point to Fort William or Vancouver, and elevator and all other charges. The price of $1.35 is for No. 1 Northern. The price is less for the lower grades, but for the most part the returns amount to $1.10 to $1.20 per bushel, varying with the points of delivery.

The next section has to do with wheat products, and presents more difficulty. In general, what happens is this. In the rural parts of Manitoba, Saskatchewan and Alberta wheat is delivered to the mills, and when the flour is shipped to the pool the offal or bran has been sold locally to the farmers. This situation will be entirely changed. In other words, instead of limiting our regulation to the handling and selling of wheat to the world, we are to apply this technique to the producer at home. You can decide whether Jim Brown is to have twenty chickens or only ten, because you can give him only enough middlings to feed ten. I object to that regulation. It is an extension of the controls which now affect the farmer's right in his wheat.

The next question is much more important. I am very glad that the leader of the government (Hon. Mr. Robertson) raised the constitutional question. I believe the framers of this bill have gone at it wrong way round. I think that if legislation was required, the provinces should have passed it first. The pools or similar organizations in the provinces could have chosen the Wheat Board as their agent, and could have sold through it; but under this bill there is no choice, the Wheat Board becomes the principal agent, and each province is to be asked for ratifying legislation.

I am very doubtful if a province can give that kind of ratification; and I am sure that the province from which I have the honour to come will be very loath to give any kind of ratification. The young man who is premier of Manitoba is a keen politician, and certainly he knows that his province is not in favour of this kind of legislation. That fact explains the item in the *Winnipeg Free Press* which my honourable friend from Ottawa (Hon. Mr. Lambert) read. The inquiries which have come forward indicate, in my judgment, that as far as our province is concerned there are some misgivings about the content and purpose of this legislation. There will be no objections from the Government of Saskatchewan: this legislation is right down their alley. They believe in the sort of thing which is being attempted in Great Britain, a regime of "control", "control", "control". Over there the Labour party told the people that if they were returned to power the workers would get more money for fewer hours of work. That proposition is now being tried out; and if Britain does not recover quickly—and the Marshall plan can carry it for only a little while—the end will be national bankruptcy.

Why do we have this legislation? Why do we have a Wheat Board? If you will go into the rural parts of this country, especially in the province of Saskatchewan, where as they say, "you will get it raw", you will find a certain number of our farmers who complain that the Winnipeg Grain Exchange robs them. Now, what is the Winnipeg Grain Exchange? It is a voluntary association of men and women engaged in the grain trade. What does it do? If a miller in Glasgow receives a request from a baker for a thousand barrels of flour to be delivered at the rate of so many barrels a month for the next twelve months, he cables to Winnipeg, or wherever he gets his grain, and asks the price of Manitoba No. 1 delivered today. He is told that it is, say, 80 cents a bushel. If he wants a certain amount every month, he is told that he cannot be given any guarantee as to future prices, but that all the wheat he wants can be sold to him now and held for his order. To this the miller replies that he has not enough money to buy that much grain all at once. Then what happens? The baker is quoted a price for the flour delivered throughout the next twelve months. The agencies in Winnipeg, Chicago, Kansas City or wherever they are—in the old days there was one in Budapest—have already been cabled, and they reply that they will deliver the wheat in certain months of the year at a certain price, and all the miller has to do is pay so much a bushel during that period.

Where did all this start? During the day a man running an elevator at, say, Alexander, Manitoba, buys and pays for 5,000 bushels of No. 1 Northern and 10,000 bushels of No. 2 Northern. He has had his orders from Winnipeg to pay 90 cents a bushel, out of which he deducts the freight rate to Fort William and the clearing charges and so on. The rest of the money goes to the farmer. At night when the elevator man has finished his work, he telegraphs the head office at Winnipeg stating that he has bought 5,000 bushels of No. 1 Northern and 10,000 bushels of No. 2 Northern. Let us suppose the elevator belongs to my honourable friend from Thunder Bay (Hon. Mr. Paterson). The head office in Winnipeg checks over all the wires received from different elevators all over the country and finds that the day before so many bushels of No. 1 Northern and so many bushels of No. 2 Northern have been purchased, and the next morning men go into the pit and offer No. 1 at so much and No. 2 at a slightly lower figure.

The Grain Exchange, in order to offset these purchases from the farmers sold the wheat to the miller in Glasgow—or in Liverpool or Hong Kong, or wherever he might be. The result was that the buyer of grain in the little town of Alexander did not have to take off 20 cents a bushel to guarantee himself against loss. He only had to take off the carrying charges, which were probably 10 cents a bushel, and the farmer got at least 9 or 10 cents a bushel more for his grain. Under present conditions he would probably receive 25 cents a bushel more. But the farmer would not get this amount if he did not have the Grain Exchange to carry on his business. Everything in the world is carried on through an exchange where buyer and seller can meet. There is always a certain amount of speculation, and there are wise guys who claim to know what the price of wheat is going to be next October. I have tried it myself, but I am a poor guesser.

Hon. Mr. MORAUD: You were not a wise guy?

Hon. Mr. HAIG: I was not a wise guy; I was always wrong. I was told that there was no rain in Australia or on the Russian steppes, that there was a blight in the United States and that grasshoppers were eating up the crop in Alberta. I thought to myself that white wheat would go up in value, but by the first of October wheat was coming in from all over the world: the only grasshoppers to be found were in the Atlantic Ocean and the only drought was in the South Pacific, and neither had any effect on grain. It is just one man's guess against another.

The most economical way to handle grain is through an exchange. In 1929 about half the grain produced in the West was delivered to the volunteer pools of the three prairie provinces, the other half being held by the grain dealers. I am not disclosing inside information, because I am not interested in any grain company in the world; I am not acting solicitor for any; nor have I ever held any stock in one. But I do know that in 1929 all the grain people, including the pools, predicted that the price of wheat was going to go up, and consequently they all held their grain. The outcome was that the Manitoba pool lost over $3 million, the Saskatchewan pool $10 million and the Alberta pool approximately $7 million, and they had to appeal to the provincial governments of Manitoba, Saskatchewan and Alberta for help.

Hon. Mr. JOHNSTON: It was about $23 millions all told.

Hon. Mr. HAIG: You make it a little more than I do, but my figures are about right. That money was lost because the pool managers thought they could guess the grain price better than anybody else could. They could have

protected themselves against loss by selling the grain, but they wanted to speculate in it. In the period from 1930 to 1935 the price of wheat fell to 35 cents a bushel, and the farmers in Western Canada who believed in the pool system attributed the fall to the Grain Exchange. Honourable senators, I ask those who offer that argument whether the price of wheat did not go down to the same extent everywhere else in the world. That was the world price at that time, and it is now $3.20 a bushel. The wheat pools not so long ago urged the Minister of Agriculture to sell our grain to Great Britain at $1.55 a bushel. Who was right and who was wrong? The farmers of Western Canada have already lost over $300 million because they guessed wrong. The only proper system in the grain business is to let the farmer choose whether he will sell his grain to the Grain Board or to other grain dealers. Surely that is free enterprise.

Hon. Mr. EULER: You are in favour of freedom of choice, are you?

Hon. Mr. HAIG: Yes.

Hon. Mr. JOHNSTON: They tried to handle wheat that way, and my honourable friend (Hon. Mr. Haig) knows what happened.

Hon. Mr. HAIG: I told you what happened. In 1929 the wheat pool would not sell at the world price. They thought they could get a better price, but they got it in the neck, "where the chicken got the axe." That is bound to happen; it cannot be otherwise. Why should I have to turn my grain over to the government and allow them to sell it at $1.55 a bushel when I can get $3.00 a bushel on the American market? There is positively no answer to that argument. The only attempt that has ever been made to answer it is the statement that from 1930 to 1935 the price of grain was low. So much for wheat.

I have been unable to find out what proportion of Canada's total production of oats and barley, which are local products, has been sold. I do not think it exceeds 10 per cent, because most of the coarse grain is consumed on the farm where it is produced. Oats and barley are not world commodities but are Canadian commodities, and their use is determined by the sale of the products for which they are used. For instance, we raise oats and barley to feed cattle, hogs and poultry.

Hon. Mr. HARDY: And Scotsmen.

Hon. Mr. HAIG: Control of these things will be taken away from the individual producer. The main grain crop in western Canada is wheat. Why the government wants to get into the oats and barley business, I cannot understand. Nor can I understand the drive for it. It comes largely from one crowd in Saskatchewan—the crowd that believes in planned economy. They have beguiled the Liberals in that province and whatever Conservatives were there into believing that to have the government in the oats and barley business will be a good thing for the province. I want to say to the Minister of Agriculture and to Mr. Diefenbaker and Mr. Tucker that if they think the inclusion of oats and barley in this measure will help their election chances in Saskatchewan, they do not know anything about the C.C.F. I have been fighting the C.C.F. for thirty-odd years, and I know they will say to the people, "Our policy drove Mr. Gardiner and others to take certain action, and if you want more C.C.F. policy, more planned economy, vote for us and we will see that you get it".

I am opposed to this legislation. As I said before, I believe that the farmer should have the choice of selling his wheat to the board or to independent dealers. In every other business we are advocating freedom of choice.

Hon. Mr. EULER: But not getting it.

Hon. Mr. HAIG: The honourable gentleman was for a long time a leading member of the present government, part of the brains of the government,—

Hon. Mr. EULER: Spare my blushes.

Hon. Mr. HAIG: —and I never heard of his doing anything to change the grain situation.

I will not be extravagant in my criticism of the bill. I am willing to vote for section 1, which provides a pension fund, although I think this is improper, as in my view the fund should be provided by all the people of Canada. Secondly, I am willing to vote for increased payments to producers. Do honourable senators know what started the move to have increased payments? At the end of July last year the crop in my province looked as if it would average probably twenty-five bushels an acre; in fact, in many places the prospect was for an average of thirty bushels. But in the first week of August we had four or five hot days, and production dropped, first, to eighteen bushels an acre, and finally to ten. Then the farmers started to advocate the payment of $1.50 or $1.60 instead of $1.35 a bushel. However, it is their money, and I am agreeable to the increased payment. Then, as to middlings, I am willing to vote for this proposed amendment, although I would prefer to leave the Act as it is.

But I cannot understand why anybody from the Prairie Provinces should vote to give the

Wheat Board control over oats and barley. If this part of the bill is passed, the prices for oats and barley will be based on political considerations, because the largest purchasers are in provinces other than Manitoba, Saskatchewan and Alberta, which produce the bulk of these products. Chicken raisers in British Columbia will advocate a reduction in the prices of these grains for their benefit, and livestock producers in Quebec, Ontario and the Maritime Provinces will make a similar request. As the people who want lower prices will be represented in the other house by 190 voices, wehereas the three Prairie Provinces have only 55 voices, it is easy to see which side will win out. Therefore I say that the price of oats and barley produced in the Prairie Provinces will be determined, not by world conditions but by politics. That is bound to be the result. We have seen that the provinces which made agreements with the Dominion Government started one by one to ask for more money. Well, a demand by six provinces for lower grain prices, opposed by three provinces who want higher prices, will cause more disunion in Canada than any question of subsidies. When the people who produce the grain are being pinched by a price fixed to please purchasers in other parts of Canada, there will be trouble galore.

I think we should send this bill to a committee—the Banking and Commerce Committee would perhaps be the best one, although I am not particular about that—and that we should strike out section 5, which deals with oats and barley. The honourable member from Churchill (Hon. Mr. Crerar) suggested that I wished to have the measure rushed through. That is not correct, but I am now, as I always have been, willing to facilitate the business of this house. I do not think that public opinion about the Senate will be influenced in the least, whether we spend a day or a week or a month on this measure. All that the public will want to know is what we did about it. I can see considerable room for argument about a pension fund, and about increased payments to producers, and middlings, but I can see little if any possibility of argument about oats and barley. For these reasons, I am willing to have the bill referred to committee.

May I now say one word apropos of the suggestion by the leader of the government? I think we should adjourn tomorrow or Thursday for three weeks, so that we who come from distant parts of Canada may have a chance, after an absence of three months, to look over the local situation and see if our homes are still there.

Hon. T. A. CRERAR: Honourable senators, I must ask your indulgence while I address you this afternoon. I have had an attack of laryngitis and it is very difficult for me to speak, yet I do not want to sit in silence when the motion for second reading of this bill is under consideration. The honourable leader opposite touched upon past conditions that have led us to the point where we are today, and if you will be patient I shall try to state briefly the genesis of this whole business.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: The so-called pooling system of grain swept across the Prairie Provinces in the years 1923 and 1924, and as a result three provincial pools were established: in Alberta, Saskatchewan and Manitoba. The principle upon which the pooling plan for grain operated was based on an irrevocable five-year contract which the individual farmer signed with his pooling organization, that throughout the period of the contract he would deliver all his grain to the pool. In addition, the contract specified that the pool management could deduct two cents per bushel each year from the proceeds of his wheat and in addition one per cent of its value. The two cents per bushel was considered an elevator reserve, and was subsequently used for the purpose of building or buying elevators at the various country points at which the pool operated. The one per cent was to form a commercial reserve.

The plan upon which the pool operated, so far as returns to the producer were concerned, was this. The pool made an advance when the farmer delivered his wheat to the pool, and at the end of the year when the total proceeds had been secured from the grain marketed that year, a payment was made by way of what was called participation certificates. That is, the accumulated balance was distributed pro rata among all farmers who had supplied grain to the pool. Obviously the pool, if it was to operate successfully, had to keep its initial advance well within safe bounds; otherwise, it would run into difficulties. That is precisely what happened in 1929.

The honourable leader opposite (Hon. Mr. Haig) rather gave the impression to the house that the pool suffered the heavy losses that later ensued because it had speculated in grain. That is not correct. In 1929, when grain prices were at a high figure, the pools fixed their initial advance, as I recall now, at $1.25 a bushel. At that figure they thought they were well within the margin of safety, and the banks financing them evidently thought so too. But in the autumn of 1929 a general collapse took place. Not only did grain prices go down, but

stock prices and values of all other commodities went down to an equal extent. Some considerable time before the end of the grain season that year, which was July 31, the pools found the market had gone down substantially below the advance of $1.25 per bushel that they had made to the farmer. That meant that the pools were in dire financial trouble, because the great bulk of the grain had moved out in the early part of the crop year, as it always does. The banks said, "You now owe us many millions of dollars, and we will advance no more money." What were they to do?

The pools then appealed to the provincial governments to severally guarantee the banks in order to save the accounts of the pools. The amount involved was considerable. My honourable friend from Central Saskatchewan (Hon. Mr. Johnston) said it was $23 million. but I was under the impression it was somewhat more than that. Assuming that the loss involved when that season's business was cleared up was $23 million, the provinces had to stand good for that amount because the banks had their guarantees given early in the year, which guarantees had enabled the pools to carry on.

What happened next? Naturally, the provinces had to take security on the tangible assets of the pools, which consisted mainly of elevators throughout the country and, I believe, of one or two terminal elevators also. I come now to the most interesting part of the story, which the honourable leader opposite did not touch upon.

Hon. Mr. HAIG: But which he knew.

Hon. Mr. CRERAR: That may be so, but my honourable friend did not touch upon it.

Hon. Mr. HAIG: I did not want to tell it. It is too sad.

Hon. Mr. CRERAR: The pools then faced the crop of 1930, and started marketing in August of that year without funds. All their tangible securities were pledged to the provincial governments against the guarantees which the provinces had made.

Before leaving this part of the story I should say that my honourable friend, the leader opposite, did not mention that the province of Manitoba, whose premier was then the present leader of the opposition in the federal house—and I think my honourable friend was a member of the legislature—

Hon. Mr. HAIG: No doubt about that.

Hon. Mr. CRERAR: —wrote off $1,250,000 of the debt of the Manitoba pool. The obligation was to that extent assumed by the taxpayers of that province.

We go on again with the year 1930, when the pools had no credit and no bank account. As I said a moment ago, their tangible assets were "in hock" to the provincial governments. What were the pools to do? Their representatives came to Ottawa and interviewed the Prime Minister of Canada, at that time, Mr. R. B. Bennett, later Viscount Bennett, and he pledged the credit of Canada to the wheat pool organization, through its marketing agency, to supply it with the necessary funds, and this continued until the original Wheat Board Act was passed by parliament.

In 1935 when Mr. Bennett was facing an election, and prospects did not look good—

Hon. Mr. DUFFUS: Apparently.

Hon. Mr. CRERAR: —he introduced as a part of his new deal program the wheat board legislation, which is still on our statute books. No one will ever convince me that the origin of the wheat board legislation was not wholly political in its nature. The late Mr. McFarland was appointed first chairman of the board, and the record of the organization is to be found in the reports of committee hearings and discussions in the other house over the years.

I wish particularly to draw attention to the fact that the orignal intention back of the Wheat Board was not to make it a mandatory board. As the legislation specified, it was the agent of the producers in the marketing of their grain, and it was only those producers who wished to avail themselves of the mechanism of the board that made use of it. There were no compulsory features so far as the marketing of wheat was concerned.

That arrangement continued for several years until the negotiation of the wheat agreement with Great Britain which, on any fair estimate, has cost the farmers of western Canada at least $300 million. It may have been desirable to supply Britain with wheat at a price of $1.55 a bushel. Few will quarrel with that decision under the circumstances. But I submit that if Britain was to receive wheat at less than the world price, the taxpayers of Canada and not the wheat producers should carry the responsibility.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: There is nothing new in my position in that regard.

Hon. Mr. JOHNSTON: There were no resignations from the government when the measure was put through.

Hon. Mr. CRERAR: Does my friend refer to the wheat agreement?

Hon. Mr. JOHNSTON: Yes.

Hon. Mr. CRERAR: Well, my honourable friend will find that I was not a member of the government when the agreement was made.

It was after the wheat agreement was made that the compulsory features were introduced, providing that every farmer must market his wheat through the board in order to carry out the commitments under the agreement. Of course that has continued so far through the course of the agreement; now comes the bill which is before us.

When the Wheat Board was first set up provision was made for liberal salaries to members of the board. With that I have no quarrel. The purpose was to get competent men. Under the law today the Wheat Board has the power to employ a staff and to pay the wages and salaries of that staff. If the board is to be a permanent institution—and it appears to be headed that way—probably some pension scheme is essential.

But to whom is the Wheat Board responsible? In legislation which was passed a year or so ago it was described as an agent of the Crown. But does the Crown, in the person of the government, exercise any control over the number of persons employed by the board or over the salaries paid to them? I do not think it does. Certainly the farmers who market their grain through the board—I am one of those who, against my own will, have to do it —have no voice as to the number of employees the Wheat Board shall have or as to the range of salaries the board shall pay. So you have an organization which in that respect is autonomous, and yet it is proposed to establish a pension plan which will be a charge upon the farmers' grain. That is clearly indicated in the legislation. However, perhaps that is not such a serious matter. I am more concerned with the principle. An incorporated company which desires to introduce a pension plan must first have it passed upon by its shareholders, because they are the people who are financially interested. I admit that this procedure was not followed in the case of the pension plan of the National Railways; but all they did was to carry on a plan which was in operation on some of its constituent railroads when the system was first brought into being.

We come now to the next feature, which is the payment out of the surplus funds now in the hands of the Wheat Board. To that there can be no objection. The money belongs to the farmers, and if the government in its wisdom, upon the advice of the board or otherwise, should decide that this surplus should be paid out, and that the base price of $1.35 which the farmer has received on his production of 1945, 1946, and 1947 should be increased, and funds are available, there can be no objection. This involves no charge upon the treasury. It may be of some interest to speculate how far the government may go in increasing the price, because I gather that it is the intention to maintain the new price over the two remaining years of the contract. It has been said, as I mentioned a little time ago, that it is important that these payments be made as quickly as possible. That is one of the reasons why this legislation is represented as urgent. Well, if we pass this legislation and it gets Royal Assent tomorrow night, it would not increase in the least—no, not by the time it takes to snap the fingers —the speed at which payments will be made; because I surmise that the government already knows the amount which is going to be paid. Certainly the Wheat Board knows it, and has no doubt that the legislation will pass, and I expect that the board is now in process of preparing the return to the individual farmer —an enormous job, as I indicated earlier, because there are several hundred thousand accounts to be audited and approved.

Hon. Mr. JOHNSTON: I think it is stated in the press that these cheques are all ready to be mailed.

Hon. Mr. CRERAR: Well, even if that be true, I do not admit that we in this house should violate good procedure in order that the cheques may get out ten days or two weeks earlier than otherwise.

Hon. Mr. JOHNSTON: I agree.

Hon. Mr. CRERAR: I have little comment to make on the section of the bill which brings wheat products under closer control of the Wheat Board. Personally I do not think it is necessary. In my view it will do neither much good nor much harm. If any criticism of the section can be made, it is simply that the bonds around the individual citizen are being drawn a little bit tighter.

I pass from that to the consideration of what is the most serious objection to this bill, namely, the decision to include oats and barley in the system of compulsory marketing through the Wheat Board. What does that mean? I do not like compulsion. I have not the slightest objection to a wheat board. I wish success to any farmer who wants to use the mechanism of the board for marketing his grain. But the fact that six farmers want to use the Wheat Board mechanism is no good reason at all why four other farmers who do not want to use it should be compelled to do so. That is why I objected to this principle of compulsion through the Wheat Board when this subject was before the Senate

on a previous occasion. And it is to be observed that the arguments for compulsion in respect of oats and barley are not the same as those which relate to wheat.

It can be argued that there was a case for the action taken with respect to wheat marketing. We had the British agreement, and in order to carry it through it was thought necessary to bring about and carry on this degree of compulsion. But, as the honourable leader of the opposition (Hon. Mr. Haig) has pointed out, oats and barley are largely matters of domestic concern. I would hazard the estimate that we export 70 to 75 per cent of our wheat, and that we consume within Canada 85 to 90 per cent of our oats and barley. In other words, these latter grains do not enter very largely into foreign trade. Then why bring them compulsorily under the board? Why not remove the restrictions against, for instance, the export of oats and barley to the United States and let the producers of these grains get the fullest value they can for their products? But no, this legislation proposes to put them under the control of this board, and compulsorily so. Once legislation is enacted in this form every grower of oats and barley will have to market his produce under, and only under, the conditions laid down by the board.

That is my basic objection to this legislation, which I say is a form of tyranny that we in a free country should not have to put up with. Furthermore, this legislation will react against those who are sponsoring it. Here is a situation where the Wheat Board will be trying to hold the balance between the producers of oats and barley in the Prairie Provinces, where these surplus grains are produced, and the farmers who are feeders in Eastern Canada.

If this legislation becomes effective in the handling of oats and barley, is the Wheat Board to be an agent of the producers, as specified in the Act when it was first passed, or is it to be the agent of the people who buy oats and barley in Ontario, Quebec, the Maritime Provinces and British Columbia? Just as surely as night follows day, it seems to me, differences are bound to arise, and they will finally have to be threshed out around the cabinet council table of the nation.

Hon. Mr. LAMBERT: The Wheat Board is an agent of the government now.

Hon. Mr. CRERAR: It cannot be otherwise. The Wheat Board says, "We have a difficulty. What shall we do?" and then you get politics up to the hilt in this business. May I say to my colleagues from the West that we should consider very carefully what this may lead to in the future. Once wheat, oats and barley become the subject of politics in Canada—and that is clearly where they are heading now—and final decisions are made by political considerations, as must inevitably be the case, what will be the position of the Prairie Provinces with fifty-five members in the House of Commons out of a total of 255, and with those fifty-five divided up among Social Crediters, C.C.F'ers, Liberals, Conservatives, and Independents. That situation is one of my reasons for seriously opposing this legislation. In the end it will lead to the hurt of the producers in Western Canada. I should like to see the producers develop their own co-operative organizations. Their country and terminal elevators today control two-fifths of the grain storage. They have the capacity and the brains to organize and handle their own business, free of the government altogether.

Furthermore, if this legislation is passed there is a possibility of government subventions. It may interest honourable senators to know that if they were to scrutinize the supplementary estimates they would see the sum of $31,500,000 set out to make good the deficits of the Wheat Board which have occurred up to the present time. I do not believe in any system of marketing grain that puts a burden on the taxpayers of the country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: I am absolutely and positively opposed to it; yet we are getting so involved in this matter that we are ultimately going to get to that point. When we do, let me again remind my honourable friends from Western Canada, their voice will be a very minor one in the final decisions which will be made on these matters when they come before parliament, as they almost inevitably will.

Honourable senators, I have spoken at greater length than I intended, and I certainly apologize to the house for the inadequacy of my articulation. I do not think this measure should have been brought to parliament in its present form. The part which has to do with the payment out of surplus funds is one which should be unanimously passed by parliament; but tied up with this is the compulsory features relating to oats and barley. Therefore, if I vote against the bill because I do not like the compulsory feature of it, I am also voting against the distribution of the money which I think should be paid. I would almost go so far as to say that this legislation in its present form is an affront to parliament itself. However, parliaments throughout the world today are having a rather bad time.

I shall not oppose the second reading of the bill, but I shall do my utmost in committee to have the compulsory feature relating to oats and barley deleted. May I suggest to my friend the leader of the government (Hon. Mr. Robertson) that the bill be sent to the Standing Committee on Banking and Commerce, as it is essentially concerned with a matter of commerce. Perhaps, too, I might be a little freer to criticize the bill there than I would in the Standing Committee on Natural Resources, of which I am the chairman. Notwithstanding the urgency of the payments I feel so strongly opposed to the compulsory feature of the bill that if it remains in it when the bill comes back to this house I shall vote against it on third reading.

Hon. NORMAN P. LAMBERT: Honourable senators, I should like to refer for a few moments to some of the factual aspects of this bill and to some of the background against which it appears. My honourable friend from Churchill, who has just taken his seat, has given the house a good historical perspective of this whole subject, and I do not intend to retrace his steps at all. Because the second reading of a bill implies support of the principle of the bill as a whole, I find great difficulty in approving of second reading. As a matter of fact, I shall take the same attitude as my honourable friend from Churchill. I shall not oppose the bill on second reading, but I certainly cannot support the bill as a whole in its present form. As I indicated when we discussed the question of procedure, I feel that every senator is duty bound to look at the bill from the point of view of the provinces concerned as well as from a federal standpoint.

The Wheat Board was formerly an instrument to serve the needs of the producer, but by the amendment to the Act last year it was unmistakably established as an agency of the Crown to the general advantage of Canada. It will be remembered that a very effective contribution to that debate was made by the honourable senator from Vancouver South (Hon. Mr. Farris) when he discussed the question of what constitutes the general advantage of Canada. He convinced me, and I think he left the decided impression on this house, that the provision in the British North America Act for declaring something to be for the general advantage of Canada should be used very sparingly, and only in a case where by far the larger part of the thing concerned was for the general advantage of Canada. I think it can be shown that most of the implications of section 5, dealing with oats and barley, are identified with provincial interests rather than with the general advantage of Canada, and we should carefully weigh this measure before passing it on to the provinces for their implementation.

The question of continuing the Canadian Wheat Board, which was in existence in 1919 and 1920 and had plenary powers to handle all the wheat and wheat products of this country, was before parliament in 1922. It was then decided that legislation should be passed to continue the board, subject to the passage of enabling legislation by the western provinces. When the test came in western Canada, it was the newly-elected government of Mr. John Bracken, in Manitoba, that declined to adopt the legislation, and the whole proposal fell to the ground. Opposition to the legislation was based on the view that it was better to have these products marketed by the farmers' co-operative organizations than by the government of the country. I mention this because I feel very strongly that, as to the marketing of coarse grains, the same point of view obtains to a very great extent at this time. I have recently been in western Canada and I know what I am talking about.

I think that if section 5 were eliminated we quite logically might adopt the rest of the bill, in the light of the fact that last year both houses approved of declaring the Wheat Board to be an agency of the Crown, or, in other words, an instrument to act for the general advantage of Canada, representing all the people. In spite of that, however, I am bound to say that there is an inconsistency in section 1 of the bill, which provides for a pension fund. It was definitely understood last year, I think, that the existence of the Wheat Board Act, establishing the Wheat Board as an agency of the Crown, should be limited to the term of the present wheat agreements covering the so-called contracts between the Canadian and British governments, and that in 1950, when those agreements came to an end, the Wheat Board Act would of course have to be considered again. We approved of the Wheat Board as an agency of the Crown for a period not extending beyond the year 1950. There is a provision here to establish a pension fund for a staff of employees of the Wheat Board, and in view of our action of last year we would be justified, I think, in concluding that that pension fund would coincide with the term of the Wheat Board Act. There are engaged in the Wheat Board offices today a considerable number of men and women, with salaries ranging all the way from $18,000 a year to $125 or $150 a month. What classification those pensions will come under, and for how long, are questions very pertinent to the bill.

Another thing that appeals to me as being inconsistent, in the light of the character of the Wheat Board as an agency of the Crown representing all the people of Canada, is that the cost of maintaining such a pension fund is to be borne entirely by the grain producers of western Canada. If this institution is for the general advantage of Canada, representing all the people, surely it is logical that the cost of any pension fund for the employees of the organization should be borne by the people at large and not by grain producers alone. However, that is a detail which can be discussed in committee, and I think that the bill as a whole, with section 5 struck out, might be acceptable to us.

I could raise some points on the proposed change as to trading in wheat products, but I will not take up more time just now. There are a number of questions upon which we should be given some definite light in committee, because the bill involves the whole question of feeding stuffs in relation to the livestock industry of this country, including the distribution of feeding stuffs to the provinces that are not large producers of grains, and there is a possibility of discrimination developing and being harmful to relations between producers and consumers.

I expressed my attitude on this bill pretty emphatically before the motion for second reading. I certainly am opposed to the measure as it now stands, especially to section 5, relating to oats and barley.

Hon. W. RUPERT DAVIES: Honourable senators, I doubt if there is anybody in this honourable house, not excepting the leader of the government (Hon. Mr. Robertson), who knows less about wheat and wheat marketing than I do. After having listened to the leader of the opposition (Hon. Mr. Haig), the senator from Churchill (Hon. Mr. Crerar), and the senator from Ottawa (Hon. Mr. Lambert), I am reminded of the bibical phrase, "Can any good thing come out of Nazareth?" I am wondering what is the other side of this question. Surely the cabinet, which is sitting in council here nearly every day, would not send us a bill that is absolutely wrong and opposed to the best interests of the country. I should like to know what is the alternative to this bill. The members who have spoken against it have strongly condemned section 5, which would extend the powers of the Wheat Board to oats and barley. I repeat that I know nothing about the matter, but is it not possible that if the Wheat Board does not control oats and barley, our entire production of these grains would be shipped across the line?

Hon. Mr. HAIG: That could not be done, because there is a prohibition against it.

Hon. Mr. DAVIES: I am merely asking for information. What is the alternative to this bill? Surely someone can tell us that. So far we have heard nothing but condemnation of the measure, and before we are asked to vote we should have some information that will enable us to vote intelligently.

Some Hon. SENATORS: Question.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, complying with what I take to be the general desire of the house, I move that the bill be referred to the Standing Committee on Banking and Commerce. But before the motion is put I must apologize to the honourable senator from Kingston (Hon. Mr. Davies) for not being able to answer the question he has raised. Obviously there must be an answer, but I have not had an opportunity to go into the matter. I repeat that on a question of this importance it would have been well for us to have availed ourselves of the change in our rules, and to have had the ministers who are acquainted with the details come here and inform the house as to this bill. But I shall do everything I can to have these witnesses before the committee, and I remind honourable senators that everyone is entitled to attend. Should it become necessary, I shall point out some other features of the measure on the motion for third reading.

I am anxious that the bill make as much progress as possible before the adjournment, and I should like to see the bill referred to the Standing Committee on Banking and Commerce, to be considered at a meeting to be held at 8 o'clock this evening.

The motion was agreed to.

THE GREBER PLAN

MOTION

Hon. NORMAN McL. PATERSON moved:

That the Standing Committee on Public Buildings and Grounds be authorized to inquire into and report upon the progress being made under the scheme proposed by the "Greber Plan" with respect to the cities of Ottawa and Hull and surrounding districts; and that the committee be authorized to send for persons, papers and records.

He said: Honourable senators, the purpose of this motion is to bring to the attention of the Senate the fact that Mr. Greber, who is planning a beautification scheme for Ottawa

under the direction of the Federal District Commission, will be here until the end of April. I feel, and the honourable leader of the government shares my view, that after the recess it would be interesting to senators to hear a brief outline of what is planned in the way of changes in Ottawa, Hull and the surrounding district. With your permission I will arrange a meeting, after recess, at which Mr. Greber can attend.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. A. W. ROEBUCK moved second reading of Bill T-6, an Act respecting Canadian Slovak Benefit Society.

He said: Honourable senators, there is very little to be said in connection with this bill. The explanation, briefly, is that this society was properly incorporated two years ago. Under its act of incorporation, and the provisions of the Canadian and British Insurance Companies Act, the society is required to obtain a certificate of registry within two years. I believe that involves the putting up of a bond within that period of time. For some reason with which I am not familiar that requirement was not complied with. This bill extends until next December the time within which the society can obtain some form of registration.

When the bill has received second reading I shall ask that it be referred to the Standing Committee on Miscellaneous Private Bills, when a more complete explanation will be provided.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROEBUCK moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

TABLING OF CORRESPONDENCE

Hon. Mr. ROBERTSON: Honourable senators, before we adjourn, may I refer to the question which the honourable senator from Ottawa (Hon. Mr. Lambert) asked concerning certain correspondence. I undertook to see what I could do about it. I have just received word that the minister has secured the consent of Premier Garson to the tabling of the letter, and it has been sent for. It will not be available by the time we adjourn, but perhaps it could be presented to the committee in due course, and later be tabled for the benefit of the house.

Hon. Mr. LAMBERT: Is there only one letter?

Hon. Mr. ROBERTSON: That is the only one.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 24, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

AGRICULTURAL PRODUCTS BILL

FIRST READING

A message was received from the House of Commons with Bill 171, an act to amend the Agricultural Products Act.

The bill was read the first time.

SECOND READING

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate, I now move the second reading of this bill.

The purpose of this bill is to extend for one year, to March 31, 1949, the life of the Agricultural Products Act, under which food contracts with Great Britain are made and administered. Under authority of the Act which is about to expire, contracts were made for delivery during 1948 of 80 million dozens of eggs, 50 million pounds of cheese, 195 million pounds of bacon, and 45 million pounds of beef. These contracts are the same in all essential respects as those which have been in effect since the early part of the war, except that the quantities and prices have been changed to bring them into harmony with present day conditions of supply.

In general, contract quantities are somewhat lower in 1948 than they were in 1947, and prices are somewhat higher. The 1948 price for bacon is $36.00 per 100 pounds, basis No. 1 sizeable Wiltshire sides, delivered at Canadian seaboard; with appropriate differentials for other grades and qualities. The basic price for beef is $27.50 per 100 pounds of choice quality carcass beef, delivered at seaboard. Prices for other grades and qualities range downward to $21.50. Two basic prices are provided for eggs, namely 47½ cents per dozen for Grade A large for spring and summer delivery, and 54¼ cents per dozen for Grade A large for winter delivery. Other grades of eggs and egg products, frozen or dried, are deliverable at appropriate price differentials. The price of first quality cheese is 30 cents per pound, f.o.b. factory. After assembly and transportation charges are paid to the seaboard, cheese will cost the British government approximately 31 cents per pound, f.o.b. steamer Canadian ports.

The British Government has not completed financial arrangements for the entire year, but in all cases the contracts are for definite quantities at firm prices, for delivery in the year 1948. It is now estimated that the quantities provided for in the contracts will require the delivery of all, or practically all, the Canadian surplus after home requirements have been met. In this connection, it may be noted that the commodities under contract are no longer subject to rationing or price control in Canada; hence the Canadian consumer is free to buy a full supply. Tentative figures so far available indicate that pork consumption in Canada has been somewhat lower in the first quarter of 1948 than it was in the last quarter of 1947, but it is still substantially above the pre-war level. Canadian consumption of other contract commodities, such as beef, eggs and cheese, appears to be continuing at or near record levels.

It is the intention of the government that the administration of the contracts shall continue in the hands of the Meat Board, the Dairy Products Board and the Special Products Board, all of which have been administering similar contracts since 1940-41.

In general, the boards obtain supplies for delivery to Great Britain by standing ready to accept all products offered in conformity with their prices and specifications. Products are accepted from all persons and firms who meet the specifications and who operate in conformity with other laws and regulations governing the processing and handling of the food products concerned. The suppliers are, in general, responsible for the safe delivery and sound condition of the products until they are actually loaded on the ship. There are some minor exceptions to this rule, such as the acceptance of products for storage in circumstances which make immediate delivery impossible or inadvisable. All purchases made by the boards are financed by a special vote of money for that purpose. As deliveries are made, claims are presented to the British Treasury, and it in turn reimburses the boards' funds. Receipts from sales to the British balance payments made to suppliers by the boards.

One important effect of the operation of the contracts is the establishment of minimum prices for the contract commodities. Since the boards stand ready to buy all products offered at the contract prices, no producer or supplier need sell below these levels. This situation leads to stability of price to both the producer and consumer. In general, it tends to encourage production and to maintain supply of essential foods. Prices of other and related

commodities not directly under contract also tend to become stabilized in relation to prices of the contract commodities.

Another beneficial result is that uniformly high standards of quality are maintained, thus enhancing the standing of the products in the British market. This will be of great value to the industries concerned in the event of the British Government discontinuing bulk buying, and of trade returning to private channels. The indications are, however, that the British, while they are compelled to continue rationing and price control, will also have to continue bulk buying of imports. In so far as the Canadian situation is concerned, the production, processing and delivery of the products to seaboard are entirely in private hands and subject to competition among the various companies and individuals concerned. This condition ensures efficient production and processing in Canada, and maintains the various units of the industry in sound operating condition.

While the 1948 contracts have not been signed by both parties, they are in effect by reason of an exchange of letters which covered the essential points of price and quantity. It is expected that the formal documents will be signed at an early date. I believe that since this memorandum was prepared for me by my secretary, the Minister of Agriculture stated in the other house—although he did not disclose the reason for his assurance—that any doubt as to the purchaser being able to settle for these commodities in a manner satisfactory to the Canadian government has been removed.

Hon. JOHN T. HAIG: I do not intend to indulge in a speech at this late stage. All I wish to say is that the feature of the bill which I like best is that its effect is limited to one year, and that thereafter we can consider the matter again.

Hon. Mr. ROBERTSON: Honourable senators, it is possible that adjournment for the Easter recess will take place tonight. I have been asked to keep the Senate in session in the meantime, and when we have concluded our immediate business I shall move that the Senate adjourn during pleasure, to reassemble at the call of the Chair.

I have given as much information about this particular bill as I can. Should any honourable senators wish to have it referred to a committee, I am willing to accede to their desire.

Some hon. SENATORS: No.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN WHEAT BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 135, an Act to amend the Canadian Wheat Board Act, 1935, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (135 from the House of Commons), in tituled: "An Act to amend The Canadian Wheat Board Act, 1935", have in obedience to the order of reference of March 23, 1948, examined the said Bill and now beg leave to report the same with the following amendment:

1. Page 3. Delete clause 5.

He said: For the information of honourable senators who were not present this morning at the meeting of the committee, I should say that clause 5, the deletion of which is recommended in the report, was intended to empower the Governor in Council to regulate and extend the application of Parts III and IV of the bill to oats or to barley, or to both oats and barley. If the recommendation is concurred in, I understand that matters will remain as they are today, and the board will have no authority in respect of coarse grains.

The Hon. the SPEAKER: When shall the amendment be taken into consideration?

Hon. Mr. BEAUREGARD: With leave of the Senate, now.

Hon. WISHART McL. ROBERTSON: Honourable senators, I suggest to this house that the recommendation of the Standing Committee on Banking and Commerce, that Section 5 of Bill 135 be deleted, be not concurred in for several reasons. The first is that the government considers that Section 5 embodies the most important principle of the bill, and is anxious that it should pass parliament. In my position as leader of the government in this house I advise honourable senators that if they do not see fit to favourably consider my suggestion to retain section 5, and the bill is sent back to the other house without it, the government will recommend that the action of the Senate be not concurred in. What will happen to the bill after that is, of course, uncertain. This is not the

first time that such a thing has happened and it will probably not be the last.

Honourable senators, I do not know that I can add much to the excellent speeches made on this bill yesterday. I am afraid the arguments made against it were of much greater length and more clearly expressed than my defence of it; but I should remind honourable senators that this is permissive legislation, to enable the federal government, under certain conditions, to bring the interprovincial sale of oats and barley under the Wheat Board, so that the amount of wheat to be sold and the price of it may be controlled. As the minister in charge of this bill has explained, the government is asking parliament for this authority because, for well known constitutional and policy reasons, it is considered desirable that complementary legislation should be passed by the three western provinces which, in the main, are the areas which have a surplus of oats and barley for interprovincial export. I am advised that it is the view of the government that if only two of the three provinces pass complementary legislation it would be impossible to put this measure into effect. However, the present action of the government is the result of urgent representations by the Canadian Federation of Agriculture, which believes that this legislation will be to the advantage of producers and consumers alike.

I am advised that even should power be given by parliament to the government, and complementary legislation be passed by the three prairie provinces—I mention them because there has been some discussion as to whether or not it would be necessary to have legislation by the other provinces, which are largely consumers—the government would secure information from the best possible sources and on that would endeavour to form an opinion as to the views of the majority of the agricultural interests in the whole country, both producers and consumers.

Various arguments have of course been presented against the bill, because on a question of this kind there are bound to be conflicting views. My honourable friend from Churchill (Hon. Mr. Crerar), who is always alive to the interests of agriculture in general and particularly to those of western Canada, suggests that the political strength of the eastern provinces would influence the Wheat Board and the government—to whatever degree the government has to do with these matters—in a way that would be detrimental to agriculturists in western Canada. He was quite confident that if section 5 were not struck out of the bill the consumers of eastern Canada would be able to buy their coarse grains at prices which would be unsatisfactory to the producers in the prairie provinces.

My honourable friend has had so much more experience than I in these matters that I hesitate to disagree with him, and perhaps any disagreement expressed by me would be futile, but I must say that I did not regard his argument as being very strong. I know of course that what is called eastern Canada has more representatives in another place than western Canada has, and in these circumstances it is possible that legislation might be passed which, if acted upon by the government, would result in prices that western producers would not like to accept for their coarse grains. But after all, honourable senators, there is no law to compel anyone in the West to produce and sell grains at an unprofitable price. And by the reverse token, should the West exert political pressure entirely out of proportion to its population, as I remember it has frequently done in the past, and should it succeed in obtaining a price that consumers in eastern Canada regarded as prohibitive, the West would thereby defeat its own interests.

So I think there is not much in that argument of my honourable friend. Indeed, the minister specifically dealt with that point, and said that even after the provinces had passed complementary legislation, one of the important considerations would be the degree of unanimity that had been achieved between western and eastern agricultural interests on this important question. Perhaps those who are close to the farming interests feel that it would be impossible to get agreement on this matter among any considerable number of them. On that point I am not competent to speak, except to say that were a reasonable degree of agreement not reached, that fact in itself would probably cause the government to refrain from going ahead under the legislation.

But, honourable senators, I think there is something deeper than has yet been discussed here in connection with the urge to do something along the line proposed in this bill. Regardless of what action this house may see fit to take, I believe from the bottom of my heart that something along that line will be done sooner or later. It strikes me that one of the outstanding developments in the recent history of Canada—indeed, sometimes I can hardly understand this development—has been the willingness of the agricultural interests to accept for their products a lower price than could be got in export markets; and I believe that the compelling motive behind this has been a search for stability. As the leader opposite pointed out, the West has gone

through the painful experience of selling its wheat at a high of $3.50 and a low of 35 cents, and I think there is a hopeful search for more stable conditions, under which neither of these extreme prices would be possible.

The West had barely recovered from the troubles and difficulties that arose from the depression when the Second World War broke out, and I regard it as a tribute to the common sense of the agricultural interests that they restrained the natural impulse to demand for their products the highest prices that could be secured. I believe that the western producers who support this bill are not desirous of extracting the last cent out of eastern consumers, and that equally the eastern consumers who support the bill are not desirous of obtaining coarse grains from the West at ridiculously low prices. From the unanimity expressed by representatives of the Canadian Federation of Agriculture who came before the government, I judge that they believe it possible to strike a happy medium—a price that will be reasonably satisfactory to both sides and bring about a greater degree of stability.

Practically all of us are looking for stability. We have achieved it to a certain extent in the field of labour relations. Out of contributions by the employer and employee, we have provided unemployment insurance, so as to cushion the effect upon an employee who has to be temporarily laid off. This bill itself contemplates providing a certain degree of security for grain producers. It has become part of the function of governments to provide means whereby people may feel more secure. For my part, while of course I derive a great deal of pleasure through my work and associations here, I say frankly that I do not overlook the security that I enjoy as a member of the Senate. And it is security that the agricultural interests of this country are looking for.

I am not saying that this bill is perfect, that it could not be improved. My point is that the agriculturists are looking to the parliament and people of this country to give them the consideration to which they are entitled for having willingly acquiesced in a degree of price restriction on their products in order that Canada as a whole might benefit. I submit that we should not disregard their views as to this measure, which they hope will at least provide a degree of stability to the grain trade.

Hon. Mr. HORNER: May I ask the leader to whose views he is referring?

Hon. Mr. ROBERTSON: I am referring to the views expressed to the government by the Canadian Federation of Agriculture.

Hon. Mr. HORNER: Do you know what percentage of farmers in Canada that organization represents?

Hon. Mr. ROBERTSON: I can only give such information as I have. I am unaware of any such representative group having expressed different views.

Following the sitting of the committee I took the precaution of speaking to the Prime Minister and the members of the government, and I now inform this house that the government considers this section to be a major part of the bill. I ask honourable senators, therefore, to give it as favourable consideration as they see fit.

Hon. JOHN T. HAIG: Honourable members, I spoke on this question yesterday in both the house and the committee, and I will not discuss it at length now.

The committee did not see fit to recommend the part of the bill which would put oats and barley under control of the Wheat Board. The honourable leader of the government has said that the Council of Agriculture supported that part, but I do not think he emphasized as much as he ought to have done the fact that the operations of the board, to be successful, require the passage of legislation by at least three provinces. My friend admits that legislation must be passed by at least three provinces; I think it should be passed by nine. My reason for thinking this is that such provinces as Ontario and Quebec are short of feed this year, and the Department of Agriculture in each of those provinces is pressing the farmers to produce more coarse grains. The Minister of Agriculture in Ontario is advocating the production in his province of an additional 200 million bushels.

Let us suppose for the moment that Manitoba, Saskatchewan and Alberta do pass concurrent legislation. The result would be that the Manitoba farmers, for instance, would come under the control of the board and would be obliged to accept the price it offered. On the other hand, the Ontario farmers would not be so controlled, and they would sell their grains wherever they wished, at the highest price they could get, and would buy cheaper grain from the board, at its price. Every buying province wants to get grain as cheap as possible.

Let me illustrate my point. On August 1 the price of oats and barley in Canada was fixed at a certain level. When the price ceiling was

taken off on August 22 the price of both of these grains immediately went up by approximately 30 cents a bushel. In other words the oat and barley growers in western Canada were producing those grains at 30 cents a bushel less than they were worth to buyers in the rest of Canada. No matter what my honourable friend the leader of the government may say, I believe that this is a political question. He praised the farmers of western Canada for producing and selling wheat at $1.55 a bushel, but I am bound to tell my honourable friend that those farmers think they should have got the price on the world market, as the American farmers did. There are only a few—a noisy few—who believe that the wheat deal was a good one for us. The farmers of western Canada have lost approximately $300 million on the wheat contracts alone.

The wheat producers are today selling their grain to millers at $1.55 a bushel to make bread for the people of Canada. The world price is at least $3.00 a bushel. I, as a consumer in the city of Ottawa, am eating bread made from flour of the wheat which sold at $1.55 a bushel when the farmer should have received $3.00 a bushel for it. The people of Canada should pay the difference.

May I refer to Premier Garson of Manitoba? He is not on the same side of politics as I am, but is one of the able members of the Liberal party in Canada. He wrote a letter to Mr. Howe in which he set out what Manitoba would like to know before it passes complementary legislation. I read the letter in committee this morning and will not burden the house with it now. Premier Garson said that the farmers of western Canada, and especially of his own province, should not have to take a loss on the price of wheat, but that the people of the rest of Canada should make up the difference, and he asked if they were willing to do that. I have here Mr. Howe's reply, in which he makes no promise that they will. He says that without the co-operation of the province of Manitoba the provisions of this measure cannot succeed.

In committee this morning an honourable senator—I think it was the leader of the government—stated that the House of Commons had passed this measure, and therefore we should accept it. That is not a very good argument. If this legislation were presented in the House of Commons in the next year, and in the meantime there had been an election and the government was sustained, I would assume that the people of western Canada were in favour of the measure, and I would bow to the will of the people.

Nobody knows today whether the people of the West want this legislation or not. The farmer members of the Committee on Agriculture in the other place represent only a very small proportion of the grain producers. I know the members from Manitoba, and certainly they do not represent the great body of farmers in that province. The people who best represent Manitoba on an issue of this kind are the members of the legislature of that province. There can be no doubt about that.

Hon. Mr. SINCLAIR: Why not leave it to them, then, and let them settle it?

Hon. Mr. HAIG: I will come to that, my friend.

The session of the Manitoba legislature is just about over. Premier Garson's letter is worth while, and I recommend that every member read it.

Hon. Mr. VIEN: Is it on the record?

Hon. Mr. HAIG: I will put it on the record.

Hon. Mr. VIEN: I think that should be done.

Hon. Mr. HAIG: With the permission of the house I shall place it on *Hansard*.

Hon. Mr. ROBERTSON: If my honourable friend will wait, I will ask that the letter go on *Hansard*, and I will also furnish copies of it.

Hon. Mr. VIEN: Together with Mr. Howe's reply.

Hon. Mr. HAIG: Yes. The honourable leader has them both.

As I have said, it is anticipated that the present session of the Manitoba legislature will end tomorrow, and knowing the character of the cabinet of that province as I do, I doubt very much if they would sit for the next day or two to take up new legislation. True, a special session could be called, but I doubt that it would be. Consequently, if I am right, that house cannot pass any legislation until next winter; therefore we, as a revising body, should exercise our right and say that we will delay this measure for one year, which would be in accordance with the motion I made in committee this morning. Then if the measure came back to us next year, and the government was able to say that the legislatures of Manitoba, Saskatchewan and Alberta had passed upon it, my reasons for opposing it would be all shot to pieces, because the people closest to the problem would have considered it and dealt with it.

If I were a member from the province of Ontario or Quebec, I would want to know what the legislature in that province was going to do about the matter, because it is entirely one of provincial jurisdiction. It is no doubt a question of jurisdiction.

Hon. Mr. VIEN: Is that point clear?

Hon. Mr. HAIG: It is quite clear. Mr. Howe admitted that in his statement the other day, and I presume he had legal advice from the Crown.

Hon. Mr. VIEN: Does my honourable friend have in mind the provisions of Section 95 of the B.N.A. Act?

Hon. Mr. HAIG: To what does that section refer?

Hon. Mr. VIEN: To agriculture. I will show it to my honourable friend.

Hon. Mr. HAIG: I will pause just a moment to read it . . . That section relates to agriculture, and not to property and civil rights. Oats and barley are property. The section to which my friend refers has to do with how grain shall be planted; but once the grain leaves the ground it becomes property, and is solely within the jurisdiction of the province.

Hon. Mr. VIEN: I am a bit confused in the matter, and I am seeking light. If I correctly understand Section 5, that part of the bill deals only with exports from and imports into Canada and the transportation of wheat and wheat products from one province to another. If that is so, it transcends the boundaries of one province, and even the boundaries of Canada. Does it not, therefore, fall directly under section 95 of the B.N.A. Act?

Hon. Mr. HAIG: Yes. But that is not what the government is doing.

Hon. Mr. VIEN: That is what this bill states.

Hon. Mr. HAIG: Mr. Howe admits that by this measure the board cannot get control of any oats and barley grown in a province until it begins to move for sale outside that province, and that it is intended to ask the provinces to confer upon the board control which would not be theirs by a Dominion enactment.

Hon. Mr. VIEN: My question was directed to this point: does this bill provide for any control of trading in oats and barley within a province?

Hon. Mr. HAIG: Yes, but not without other legislation. There must be implementing legislation before this power can be exercised.

Hon. A. L. BEAUBIEN: Legislation by the provinces.

Hon. Mr. HAIG: Yes. I suggest to my honourable friend, whose position I understand, that the legislation we are asked to pass should not be adopted without clear proof that there is a general demand for it. In point of fact the demand comes from, at the most, three provinces, all of whose legislatures are in the dying days of their sessions. Implementing legislation may be favoured in two of the provinces, but I know one of the three which will not enact it. Why all the haste to adopt this bill? It cannot be made applicable in the crop year beginning the 1st of August.

Hon. Mr. COPP: It can do no harm.

Hon. Mr. HAIG: To my mind this controls section is unnecessary. I have never been in favour of controls. My honourable friend says that controls were in operation during the war. I may remind him that a prominent official of the Dominion Government, speaking yesterday in Toronto, said that controls which might be enforced during time of war were very difficult if not impossible of enforcement in peacetime.

That difficulty reflects a tendency of our people. We believe in freedom of trade. Except for a few people whose disposition is to be anti-everything, I know of nobody in my province who demands this legislation. It must be remembered that of the total product to be controlled, only about 20 per cent is sold; the rest is used domestically within the province in which it is grown, and mostly by the people who produce it. I am sure that what will happen if this legislation is passed, is precisely what my friend the leader opposite says will not happen. An honourable senator from Prince Edward Island remarked in committee this morning that abandonment of controls meant that the farmers of his province had to pay a terrible price for feed for cattle and hogs. If I lived in that province, probably I would make the same complaint. But have the producers of grain no right to consideration? It is from them that demands for this legislation should come, and I maintain that there is no such demand. A wave of sentiment for government control has swept over farmers holding official positions, but it has not influenced the farmers in general.

Without discussing in detail the operations of the Wheat Board, I should like to know why the western Canadian farmer should be required to sell his wheat to Great Britain or any other country, even to Canada itself, at

half the world price? Why should not all the people of Canada bear the cost? The government may then buy it from the farmer at the world price and sell at whatever figure it likes. Does the government of the United States take the farmers' wheat at some reduced figure? No, sir, it buys the wheat from the farmers at the world price As Mr. George McIvor, Chairman of the Wheat Board, pointed out in the committee last night, there is one class for whom the price of wheat is fixed at $1.55 and another class which is free to obtain the world price.

Hon. Mr. SINCLAIR: To what does my honourable friend refer when he speaks of the "world price of wheat"?

Hon. Mr. HAIG: Mr. McIvor would have told you if you had asked him this morning.

Hon. Mr. SINCLAIR: You are using the term. I am asking you.

Hon. Mr. HAIG: The world price of wheat on February 22—I have not looked at the quotations more recently—was $3.30 a bushel.

Hon. Mr. SINCLAIR: What country was getting that?

Hon. Mr. HAIG: Canada was selling for that price to any country which wanted to buy wheat; and all countries want to buy it.

Hon. Mr. SINCLAIR: That is only the Canadian price. What is the world price?

Hon. Mr. HAIG: That is what Mr. McIvor thinks is the world price, because he said we arrive at the world price by finding what wheat is selling for in Chicago, St. Louis, New York, and any other place where it is sold.

Hon. Mr. SINCLAIR: What other place is there, except in the United States?

Hon. Mr. HAIG: There is the world market. The people of Brazil are willing to pay us $3.30 a bushel for wheat, or a corresponding price for flour based on that figure.

Hon. Mr. SINCLAIR: The people of Australia sold wheat for much more than that, but their price is not the world price.

Hon. Mr. HAIG: But Mr. McIvor settled this world price question; he said it was $3.30 a bushel.

Hon. Mr. SINCLAIR: Mr. McIvor does not settle the world price.

Hon. Mr. HAIG: I do not say that he was right, but that is what he said. I do not think it is fair to the people of this country, particularly to producers of oats and barley, that we should allow the farmer to be placed in the position of having these products controlled. It is our duty to the Canadian people to delay this legislation until we know what the provinces that are affected by it really want to do.

Hon. Mr. DUPUIS: Am I to understand from the argument of the honourable gentleman that he not only is in favour of the amendment but is opposed to the whole bill?

Hon. Mr. HAIG: No. My only objection is to the clause relating to oats and barley.

Hon. Mr. DUPUIS: But according to the honourable senator's argument, if there were no control our wheat could be sold at $3 a bushel.

Hon. Mr. HAIG: At the present time it would sell for about $3 a bushel.

Hon. Mr. DUPUIS: How does the honourable gentleman reconcile his position on this amendment with the fact that he is in favour of the bill?

Hon. Mr. HAIG: I am not in favour of the bill.

Hon. Mr. DUPUIS: Then you are against the bill?

Hon. Mr. HAIG: No. I said I was in favour of the provisions for pensions, the paying out of the balance of money due to the producers, and the control of wheat products. It is because I fear the extension of the general policy of controls that I am opposed to the inclusion of oats and barley. The difference between the control of coarse grains and the control of wheat is that wheat is sold on the world market, whereas we sell very little oats and barley outside our own country, although, if the government would permit us to do so, we could dispose of a certain amount to the United States.

For the reasons I have mentioned, it is my firm opinion that this house would do well to pass those sections of the bill which have been approved by the commitee, and to defer the adoption of the coarse grains section for another year. If, meanwhile, the legislatures of Manitoba, Saskatchewan and Alberta desire the implementation of section 5 of this bill, I shall have nothing more to say.

Hon. NORMAN P. LAMBERT: Honourable senators, I wish to refer briefly to the technical position in relation to this bill which now confronts the Senate. I assume that if the proposal of the honourable leader on this side is adopted, the Senate will be asked to give the bill third reading.

This brings up the consideration of the rules of procedure. Yesterday some of us

waived the privilege, which we claimed under the rules, to have a two-day period intervene between the first and second readings of the bill. This was done at the request of the honourable leader on this side, to facilitate the business of parliament. Consequently the bill was discussed yesterday and referred to the Standing Committee on Banking and Commerce for further consideration. The committee met last night and again this morning, and I think that the various aspects of the bill, particularly Section 5, which has been the contentious part, were thoroughly discussed from all viewpoints. A mature and decisive conclusion, namely, a vote of 15 to 8 favouring the elimination of Section 5 was reached. As a member of the government, the honourable leader on this side has now delivered an address suggesting that we repudiate the decision of one of the chief committees of the Senate.

Hon. Mr. ROBERTSON: I rise on a point of privilege. I do not think the word "repudiate" is fair. There is nothing unparliamentary about the procedure I have suggested; it has been followed repeatedly. The honourable senator should not use the word "repudiate". It is entirely out of order.

Hon. Mr. LAMBERT: I shall withdraw that word and say that the honourable leader suggested that we reconsider a decision duly made by the committee. I am only sorry that he did not choose to make the same speech in committee this morning that he has made here this afternoon. He did make certain observations, but he did not present the arguments which he has advanced this afternoon with respect to Section 5 of the bill.

In supporting the report that has been made by the chairman of the committee, I do not intend to rehearse, review or repeat the statements that I made yesterday and again in committee this morning. I simply wish to point out to the Senate that if we cancel the decision of the Standing Committee on Banking and Commerce, which was reached after a fair and thorough discussion, it is not going to reflect much credit upon this institution. One of the justifiable claims which honourable senators have made for the existence of this chamber has been the thorough work done by our committees, particularly the Standing Committee on Banking and Commerce. I say this without any invidious reference whatsoever to our other committees. I maintain that the decision of our committee should be observed and supported by the Senate as a whole, and I intend to stand by the conclusion that it arrived at.

I consider this legislation to be invidious as between the consuming and producing parts of this country, and I feel that it is an irresponsible step on the part of the federal government to present to any province the power to make possible legislation which, in essence, should be considered as for the general advantage of Canada. For these three reasons I intend to vote for the report of the committee.

Hon. T. A. CRERAR: Honourable senators, I dare say you will be getting a bit weary of listening to my observations about this bill. I listened with interest to the moderate and eloquent speech made by the leader of the government (Hon. Mr. Robertson) in which he suggested that the report of the Banking and Commerce Committee in relation to section 5 of Bill 135 be rejected. I regret, though, that his arguments were not equal to the moderation with which he made them.

Honourable senators, I regret the haste in which this house has dealt with this important legislation. I am sorry that we did not take more time to discuss it and give it the utmost consideration. But even more important is the fact that the people who are interested in this legislation did not have an opportunity to present their views. The representatives of two milling companies, who were interested in another section of the bill, were able to appear before the committee this morning, but people farther away were unable to be present and consequntly could not give the committee the benefit of their judgment.

The feature of this bill to which I object most strongly is Section 5, which was deleted in committee this morning. I object to it because it introduces the principle of compulsion on the individual citizen in carrying out what is primarily his own business. It is true that this prinicple was incorporated into the Wheat Board Act a few years ago, but the reason advanced at that time was that it was necessary in order to carry out the terms of a wheat agreement that had been made with the United Kingdom. It was said that irrespective of what one's own judgment might be, the honour of the Canadian government and the integrity of our nation was involved in the keeping of that agreement. It was for that reason, and that reason only, that I reluctantly waived opposition to the introduction of the compulsory feature in the marketing of wheat, something which had been wholly absent from the Wheat Board up to that time. Now, for no other reason than a request by the Federation of Agricul-

ture, we are asked to incorporate the compulsory feature in connection with the marketing of oats and barley.

With all moderation let me say to this honourable house that we should weigh this problem with the greatest possible consideration, because this feature of the bill is of the essence of socialistic legislation. Almost the first plank in the Co-operative Commonwealth Federation's program was the setting up of import and export boards to control the commerce of the country. The C.C.F. were quite willing to put shackles on the hands of the individual citizen, because in their superior virtue they imagined that they could look after his business much better than he could look after it himself. It is worthy of note that the C.C.F. government in Saskatchewan —the first and, I hope and pray, the last C.C.F. government that we shall ever have in this country—proceeded to put under control various aspects of provincial business by this same procedure of boards with compulsory powers. Are we to adopt that kind of legislation? Is a Liberal party, of all others, to adopt that kind of legislation, which has in it the essence of tyranny? Honourable senators, I cannot believe it.

It is also worthy of note that before the debate on the resolution stage had proceeded any distance in another place Premier Douglas of Saskatchewan was wiring down to the minister and the government here, asking "What can we do to help you in getting this legislation brought into effect?" That, honourable senators, is not a very high certification for me. For that additional reason I am wholly opposed to the retention of section 5. If we are going into socialist legislation all down the line, let the people of Canada have a chance to talk about it. Every time the C.C.F. have appealed for support, they have, except in Saskatchewan, lost ground.

The Right Hon. Mr. MACKENZIE: In all fairness, may I ask the honourable senator a question? He has mentioned the possibility of section 5 being surrounded with elements of socialism. In what respect does this section differ from present features of the Wheat Board Act?

Hon. Mr. CRERAR: In so far as it provides for compulsion it does not differ from the part of the act dealing with wheat marketing. But, as I pointed out, that was passed by parliament because of the need to carry out the British agreement, and will remain in effect for only a limited period of time.

I come back to my point that every time the C.C.F. appealed for support of their program of socialization, of import and export boards, and of shackling the commerce of the country, they have been defeated, except in Saskatchewan. And as I said a few moments ago, I hope that the present government of that province is the first and the last C.C.F. government that we shall have in this country.

The situation created by section 5 would emphasize sectional differences and lead to political unrest in this country; and, heaven knows, we want to abate that as much as we possibly can. Why do I say that section 5 would have that effect? If that section stands, and if the provinces pass complementary legislation, the Wheat Board will have to determine the price between the sellers of barley and oats in the Prairie Provinces and the consumers of those grains in Ontario, Quebec and the Maritime Provinces, and also in British Columbia. Now, under the legislation as it stands today the board is an agent of the government. We cannot get away from that. Today the government determines the price at which the contract grain will be sold, and just as surely as night follows day the Wheat Board, with the best intention in the world, will run into difficulty. Here I wish to pay a tribute to the board, not because two of its members are sitting up in the gallery, but because it has done an excellent job, even under very difficult conditions. But we are putting upon the board here the job of acting as arbiter between what the farmers in Alberta, Saskatchewan and Manitoba shall get for their oats and barley, and what the feeders in Quebec, Ontario, the Maritimes and British Columbia shall pay for those grains. Can you imagine that those farmers will get together around a table in a sort of love feast and decide unanimously on a price? I cannot. So the board will have the job of trying to be the arbiter.

But the board cannot be the arbiter, because this question will become a political one which will land right on the doorstep of the government. The final decision as to the price that will be paid for oats and barley in the prairie provinces will be made in Ottawa around the cabinet council table. It cannot be otherwise. Then you will have pressure coming from all sides, for favours here and favours there. There will be discontent on the prairies because the price is not adequate, and discontent in the East because the people there feel they are paying too much. And, having had considerable experience as a cabinet minister, may I say that the last job on earth I would want under those circumstances would be that of sitting around a table helping to decide on that price.

Then the matter will go further into political discussion. The farmers of Ontario will complain that they are paying too much for barley and oats, and the politicians in this fair province will say: "We wholly agree with you. This iniquitous government and this iniquitous wheat board are favouring the producers of the prairie provinces". The opposite contention will be made by western politicians. I put it to the common sense of this country, and particularly of this honourable house: is that a desirable condition to get into? I cannot see that it is.

I think it would be disastrous if section 5 were passed, and that is why I feel so strongly and have spoken so strongly against it. So far as I am concerned, honourable senators, I am going to vote for the adoption of the report.

Hon. THOMAS VIEN: Honourable senators, the more I listen to the arguments presented in this debate, the more confused I become. Of course, most of the questions involved here concern directly the interests of the western provinces, and it is not often that we in Quebec have to deal with these matters.

The honourable senator from Churchill (Hon. Mr. Crerar) has advanced some strong arguments against section 5 of the bill, and in my opinion the most compelling of these is that the measure does not seem to be of such urgency that we should not take ample time to ponder over it. No reasoning that has been presented so far in this debate has convinced me that we should dispose of the bill prior to the Easter recess. I am unable to see that calamity, or even any great inconvenience, would result from our allowing the bill to stand in abeyance until we reconvene in the latter part of April.

As regards the socialistic character of the legislation, I agree with the honourable senator from Churchill. I hate socialism. To my mind it is opposed to the fundamental principle of the Liberal party.

Hon. Mr. HUGESSEN: Hear, hear.

Hon. Mr. VIEN: The fundamental principle of the Liberal party is to liberate the human being from all the shackles that bind him and prevent him from reaching his goal, which is the pursuit of happiness. Any legislation, therefore, which tends to limit or curtail the liberty of the individual is, in my opinion, anti-Liberal.

During the past few years, due either to war or other emergency conditions, the government of this country has placed upon our statute books a great deal of socialistic legislation. But none of it has been more socialistic than the measure establishing the Wheat Board itself. If the legislation now before the house to provide for the inclusion of oats within the jurisdiction of the Wheat Board is socialistic, then the legislation creating the board itself was socialistic also. Therefore I hate the Wheat Board and the legislation under which it operates just as much as I hate this particular feature of the bill now before us. Yet the Parliament of Canada in its wisdom has passed an act creating the Wheat Board, and has given to it certain powers in the handling of wheat.

I am not unmindful of the remarks of the honourable leader opposite (Hon. Mr. Haig), that wheat is a world-wide commodity and that its consumption in Canada, compared to the quantity for export, is negligible. That differentiates it from coarse grains. But why are we not just as free to trade in wheat as in any other commodity?

I have a great deal of sympathy for the argument urged by the leader opposite, that there is no reason why the producer of wheat in Canada should be obliged to accept $1.55 per bushel for his product when the price on the world market is $3.00 or more. Yet I think I am right in saying that it is the consensus of opinion in Canada that the element of stability has been of greater value to the producers than the temporary advantage of higher prices. I believe the producers were wise in taking the attitude they did. If there had been no control, and the wheat had been thrown indiscriminately on the markets of the world, there is no guarantee that the price would have remained at approximately $3.00. It might have fallen off. At any rate, through our legislation we have introduced an element of stability for a period of three or four years, and I think I am right in saying that the majority of those interested in growing wheat are agreeable to a stabilized price for the time being.

I am extremely concerned and amazed at the socialistic character of this legislation; but in passing this measure we are doing no more than we have done in a number of other instances, particularly in the creation of the Wheat Board.

Another question that I have not been able to understand is the necessity for concurrent provincial legislation. It has been stated that this bill would be unworkable without confirmatory legislation by the provinces of Manitoba, Saskatchewan and Alberta.

Section 3 of the bill introduces a new section 27, which reads:

27. Except as permitted under the regulations, no person other than the Board shall

(a) export from or import into Canada wheat or wheat products owned by a person other than the Board;

(b) transport or cause to be transported from one province to another province, wheat or wheat products owned by a person other than the board;

(c) sell or agree to sell wheat or wheat products situated in one province for delivery in another province or outside of Canada; or

(d) buy or agree to buy wheat or wheat products situated in one province for delivery in another province or for delivery outside of Canada.

All that section appears to do is add wheat products—that is flour—to the products already coming under the provisions of the Act.

We come now to section 5, which is the contentious part of the bill. By that section oats and barley are brought under the provisions of the Act already on the statute books. It does not affect these grains for trading purposes within the limits of a province, but only in the matter of transportation from one province to another, trading between one province and another, and trading between a province and a country beyond the boundaries of Canada.

By Section 91 (2) of the B.N.A. Act regulations as to trade and commerce are clearly within the jurisdiction of the federal government. And Section 95 of that Act reads as follows:

In each province the legislature may make laws in relation to agriculture in the province, and to immigration into the province; and it is hereby declared that the Parliament of Canada may from time to time make laws in relation to agriculture in all or any of the provinces; and to immigration into all or any of the provinces; any law of the legislature of a province relative to agriculture or to immigration shall have effect in and for the province as long and as far only as it is not repugnant to any act of the Parliament of Canada.

As far as agriculture is concerned, I cannot see that under section 95 of the British North America Act any question can arise which would require concurrent legislation by the legislatures of any of the provinces. It follows, in my opinion, that we are not required to wait for such concurrent legislation.

Hon. A. L. BEAUBIEN: Does my honourable friend know that the officers of the Crown have advised the government—and the minister sponsoring this bill so informed the committee—that concurrent legislation will be necessary before this measure can come into effect.

Hon. Mr. VIEN: Yes, but if my honourable friend were a lawyer he would know that while lawyers in court treat the opinions of other lawyers with the utmost respect, they nevertheless agree to disagree.

Hon. A. L. BEAUBIEN: Then the opinion is no good?

Hon. Mr. VIEN: I do not say that. It may be that my opinion is of no value. But I would like to be convinced that I am wrong.

Hon. A. L. BEAUBIEN: What would convince you?

Hon. Mr. DUPUIS: The decision of a court.

Hon. A. L. BEAUBIEN: The opinion of another lawyer? Or what?

Hon. Mr. VIEN: I think that compelling reasons should be submitted to us, and I invite the leader of the government to present to this house some convincing reason why, under the British North America Act, concurrent legislation is necessary. I should like to understand the legal position. I have not been able to understand it. It may be that my honourable friend knows the situation better than I do, and that my own limitations prevent me from appreciating his arguments on this point.

Hon. A. L. BEAUBIEN: I am not giving my own interpretation. I am pointing out what has been said by the minister who is in charge of the bill.

Hon. Mr. VIEN: I see. But because the master has said it I do not agree that he is right—*Magister dixit non ergo verum est.*

The argument has been made that the Committee on Banking and Commerce having examined this bill and reported it, it would be a disparagement of the committee's judgment to so much as discuss the report, let alone set it aside. I do not agree that any such construction can be properly put upon a consideration of the report by this house. We refer a bill to a committee for examination and report, and when the report comes to this house we are not deprived of the right to consider it, or to concur or refuse to concur in any finding the committee has made. To fully consider the report of this or any other committee is strictly in accord with the best parliamentary practice. If the whole membership of the Senate comes to the conclusion that a committee has not properly considered some aspects of questions which have been referred to it, it is not only the right and privilege of the Senate, but its undoubted duty, to refuse to concur in the committee's findings.

So far as I am concerned, the information before us is incomplete. I fully appreciate the fact that the bill has come to us after a very lengthy discussion in the other place, and that following this full measure of deliberation our concurrence is requested. We have given the

bill second reading and have referred it to committee. Although opinions were divided, the committee recommended that parts of the bill should be passed and another part struck out. I am not ready to say that the committee is wrong. I am not in a position to say that the committee is right. I agree with the suggestion that this bill should stand over to be considered by us after recess, that we should have ample opportunity to consider it in all its phases, and that we should give interested parties in Canada the opportunity of presenting their views before we make a final decision.

Hon. J. E. SINCLAIR: Honourable senators, I do not wish at this time to enter into any lengthy discussion, but I think it is only fair and right that I should present the viewpoint of those of us who, for a number of years, have been receiving coarse grains and mill feeds from the western provinces. These supplies have enabled us to engage in the greater production which since the beginning of the recent war, and for reasons which are well known, has been recommended and encouraged. We are now discussing the recommendation of the Banking and Commerce Committee for the deletion of clause 5 of the bill. This is a clause which, after the three prairie provinces by concurring legislation have given consent, would empower the Governor in Council to put oats and barley under the control of the Wheat Board if at any time the board deemed it necessary.

Let us consider for a minute the import of this section which was stricken out by the committee. The federal government is taking action to open a door, but the door will be opened only with the consent of the producers of coarse grains in the three prairie provinces. If those producers do not give consent, the matter goes no farther. This fact was clearly stated by the minister to the committee. I am interested to hear from the honourable leader of the opposition (Hon. Mr. Haig) and others that the province of Manitoba will not consent to the operation of clause 5.

Hon. Mr. HAIG: I do not think it will.

Hon. Mr. SINCLAIR: Well, if the province will not consent, nothing will be done. It is for the legislature of Manitoba to decide whether or not consent will be given. It is not for senators from the province of Manitoba to do so. As I have said, if the province withholds consent, there the matter ends. On the other hand, if the legislatures of the prairie provinces believe that, in the interest of the producers of coarse grains in the West, they should pass concurrent legislation empowering the federal government to carry out the provisions of this section and place the control of these grains under the Wheat Board to make the section workable, if that be possible, it will then be up to the federal government to take whatever action in the circumstances it deems wise.

The minister referred to the requests made by the Canadian Federation of Agriculture, and made it plain to the committee that anyone in the agricultural industry who wished to make representations to the governments of the prairie provinces had the right to do so, and that it would be up to the respective provincial legislatures to determine in the circumstances what action should be taken. If they pass concurrent legislation, then it is up to our government to vest the matter in the Wheat Board.

I wish to say a word about the position of the farmers in eastern Canada. During the war they were urged, at the agricultural conferences held in Ottawa in December of each year, to increase their production of foodstuffs: bacon, cheese, eggs, poultry, dairy products and beef. They responded wonderfully, increasing their production many times over; and they were only able to do so because they could secure the necessary mill feeds and coarse grain products. The freight assistance policy of the government helped in this by enabling eastern farmers to get these products from their place of origin at a reasonable cost. This practice definitely encouraged dairy production in the East. While the production of hogs and bacon may have decreased in some parts of Canada, the Maritime Provinces have maintained their production, their output being greater this year than last. If the consent of the prairie provinces has to be obtained in connection with this bill, I shall not be afraid of what the Wheat Board may do. On behalf of eastern feeders and farmers, particularly those of the Maritime Provinces, I want to say that we do not expect the Wheat Board or any other body to put a price on coarse grains that will not be profitable to western producers. However, we do seek to establish a price stability and a continuity of supply that will enable us to produce—at least until our contracts with Great Britain are fulfilled—as large a quantity of foodstuffs as we have produced in the past few years.

I have confidence in the Wheat Board, and I commend the other speakers who have expressed their confidence in it. I do not fear the bogy that has been held out by the leader of the opposition (Hon. Mr. Haig) and the senator from Churchill (Hon. Mr. Crerar) that it will become a political affair. What more can be said of it than that it is good politics? Any-

thing that is accomplished in this country today is a political affair. I am almost forced to say that some of those who have been addressing us would like to see a restoration of the conditions that prevailed in the days before the Wheat Board came into existence, when the farmers were free to speculate through the Exchange, and to buy and sell coarse grains as they wished.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SINCLAIR: I do not know whether it would be quite fair to accuse them of that, but that thought enters one's mind when listening to them. I refer particularly to the honourable senator from Winnipeg (Hon. Mr. Haig) in whose province the Grain Exchange is situated.

Honourable senators, I repeat that if we in the Maritime Provinces wish to maintain our present production of foodstuffs, we must have an opportunity to buy the coarse grains and mill feeds that we do not produce ourselves. We have no flour mills to speak of, and must get all our coarse grains from the larger mills of Ontario and the West.

Hon. Mr. HORNER: May I ask whether the greater part of your feed is not wheat?

Hon. Mr. SINCLAIR: No. We get low-grade wheat for our poultry, but we do not get any for milling. If I may digress for a moment, I would say that because of the freight differential that is given to the bigger mills, which enables them to ship their products for export at a low freight rate, it is impossible to set up a successful flour mill in the Maritime Provinces.

Honourable senators, I want to emphasize the fact that it is only fair that I should express what I know to be the feeling of eastern feeders and farmers. They certainly consider that their production of livestock has been greatly aided by their being enabled to get mill feeds and coarse grains from the West. It is for that reason, honourable senators, that I support our honourable leader with respect to this amendment to Section 5. I do not think the Senate should accept it. If we do, we shall be fulfilling the wish expressed by honourable senators of saving the government of the province of Manitoba from taking action. If they want to take action, we shall have to abide by their decision; but I do not think it is right for us to step in and save them from their difficulty.

I think this legislation is sound, and I would let it go through. The record of the Wheat Board during the war years convinces me that its decisions will be fair. We heard its representatives in the committee, and I think every member was satisfied that the Wheat Board was fair in its regulation of the handling of wheat interprovincially. I am satisfied that no better body could be found at the present time to deal with this situation.

I do not know that I need say more. I have stated my opinion, and I support our leader in asking that this amendment be not concurred in.

Hon. A. L. BEAUBIEN: Honourable senators, it is not my intention to speak at any great length, and I would not have risen if my honourable friend from Queens (Hon. Mr. Sinclair) had not made certain remarks which I think are erroneous. In the first place, I hold no brief for the Grain Exchange, nor, I think, does any member from Manitoba who is opposed to Section 5.

I come from a district in the province of Manitoba which is a very large producer of coarse grains. I have a great deal of respect for the Wheat Board, which I know is managed by the best men obtainable, but if the coarse grains are put under the board the situation will become untenable. The remarks of my honourable friend from Prince Edward Island (Hon. Mr. Sinclair) indicate clearly to me that he is in favour of having the board control oats and barley in order that the farmers of eastern Canada may have cheaper feed for their stock.

Hon. Mr. SINCLAIR: I beg your pardon, I made no such statement.

Hon. A. L. BEAUBIEN: My honourable friend did not make that statement in so many words, but I am sure his reason for wanting oats and barley put under the Wheat Board is not that eastern farmers should pay a higher price for coarse grains.

Hon. Mr. SINCLAIR: I stated clearly that our farmers were quite agreeable to having the board fix a price that would give a profit to the producers in western Canada.

Hon. A. L. BEAUBIEN: I would remind my honourable friend that for a good many years a lot of our coarse grains have been made available to consumers in eastern Canada at a low cost because the government used the taxpayers' money to take care of the cost of transportation. The district in which I have lived for the greater part of my life is a heavy producer of oats and barley, and I know that the people there want an open market for whatever surplus of these grains they may have to sell. They would like access

to the American market, where they could get the best price possible.

Hon. Mr. HORNER: What about your malting barley that you could sell in the United States?

Hon. A. L. BEAUBIEN: We grow a great deal of malting barley in my district and in the province of Manitoba, and we could get a large premium for it in the United States. If oats and barley are controlled by the Wheat Board there will be a conflict of views between the feeders and the purchasers. I do not see how that could be avoided. Up to a short time before the last war eastern farmers did not want our oats and barley, because they claimed that these grains infested their land with weeds, but as soon as the grains became available at a low price because freight charges were paid by the state, they became eager to purchase them.

I do not like to go against the wishes of my leader (Hon. Mr. Robertson), for whom I have a great deal of respect, but as my own people and many of the producers in Manitoba—and that is where a large percentage of the coarse grains is produced—are opposed to having oats and barley put under the Wheat Board, and not one of them has requested that section 5 be passed, I intend to support the amendment made by the committee on Banking and Commerce.

Hon. Mr. DUPUIS: May I ask the honourable member a question, just for my own information? I take it from his remarks that he has great confidence in the Wheat Board. Despite that, is he afraid that the Wheat Board would not fix a price profitable to the western farmers?

Hon. A. L. BEAUBIEN: What I am afraid of is that the placing of oats and barley under the jurisdiction of the Wheat Board would cause conflicting opinions between different parts of the country and thereby destroy the high respect in which the Wheat Board is held today. Suppose, as was suggested by the honourable leader opposite (Hon. Mr. Haig), that Ontario produces 200 million bushels of coarse grains, which is the goal of the Minister of Agriculture. Those grains would not come under the Wheat Board, and you can imagine the controversy that would result from placing the western production only under the board.

Hon. R. B. HORNER: Honourable senators, may I say a few words? The lawyers have talked about this bill that affects the western farmer, and we have heard about the views of the Federation of Agriculture. I am sorry to have to say this, but even if a practical farmer does belong to an agricultural organization he never knows that it has had a meeting until at least the day afterwards, because he is too busy to attend. At the time of the strike by the United Farmers in Saskatchewan I was told that I could not draw wheat, as I was a member of that body. I asked when I had joined, and I learned that the municipality had taken advantage of provincial legislation and paid $200 to cover membership for everybody in the community. However, at the next meeting of the reeves and councils of the rural municipalities of Saskatchewan that action was repudiated. Some of the men at the head of the federation are personally known to me, and I was familiar with their activities when they were farming. I can inform the Senate that they are doing much better in their present occupation than they did as farmers. I venture to say that the practical farmer, the rugged individual farmer, is not a member of any of these organizations. I am told that the leader of the farmers' organization in Alberta is farming a quarter section, of which seventy acres are under cultivation.

I listened to what was said by the honourable senator from Queen's (Hon. Mr. Sinclair). Of course, his main object is to have oats and barley shipped across the country and made available in his province at the lowest possible price. I should think it would be cheaper for the government to move the honourable gentleman out west where the oats and barley are grown.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HORNER: With all due deference to the Wheat Board, may I ask what it has been doing but carrying out the policy laid down by the government? At country fairs we have all seen various kinds of mechanical games that appear to give the players a good chance for their money, but we know that they are so designed that the operators cannot lose. The Wheat Board has been operating pretty much a game of that kind. Right now the world is crying for wheat. How different it was when the price for No. 1 Northern at Fort William was $1.45 or less, which meant about a dollar to the grower after the freight and so on had been paid.

It has often been said that the pioneer western farmer was a great gambler. He had to contend with all the elements—hail, rust, drought and everything else. I know men who staked the last dollar they could borrow to seed hundreds of acres, because they

figured that when the crop was harvested there might be such a demand for wheat that they could make a good profit. But today, after our producers have run all the risks, they are not allowed to sell on the open market; they must accept the price set by the Wheat Board.

Perhaps very few honourable senators know anything about a game called poker. I am sure my honourable friends from St. Jean Baptiste (Hon. Mr. Beaubien) and Winnipeg (Hon. Mr. Haig) know little about cards. Perhaps I should explain the game to them. Poker is played this way: you hold your cards, the ante is placed in the centre of the table and if you think you have a strong enough hand you raise the ante. The farmer of the West is in the position of a poker player with a strong hand—the book says that opportunity comes to every man—but somebody comes in and kicks over the table. That in effect is what happens to the western farmers and that is why so many of them are leaving the farms and going into the contracting or shipping business. I was a supporter of the Wheat Board when it was inaugurated, but the original purpose of the board was to establish orderly marketing and to prevent a cluttering up of the channels of trade.

As to barley and oats, they have been sold to some extent intraprovincially. For instance, if my neighbour's land is suitable for wheat, and I am growing oats, he will buy my oats for feed.

I do not think the practical farmer is asking for this type of legislation at the present time, and therefore I am opposed to it. We in the West who grow the grain are naturally anxious to get a fair price for oats and barley, but unless the government subsidizes us, or pays the freight, we cannot sell our grain cheap to the people in the East.

I shall vote for the amendment.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: Honourable senators the question is on the amendment made by the Standing Committee on Banking and Commerce to Bill 135, an Act to amend the Canadian Wheat Board Act, 1935, to delete clause 5 of the bill. Those in favour of the amendment will please say "content."

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed to the amendment will say "non-content".

Some Hon. SENATORS: Non-content.

The Hon. the SPEAKER: In my opinion the "non-contents" have it.

Some Hon. SENATORS: Call in the members.

The amendment was negatived on the following division:

CONTENTS

The Honourable Senators

Beaubien (St. Jean Baptiste),	Lacasse,
Buchanan,	Lambert,
Calder,	Macdonald (Cardigan)
Crerar,	Marcotte,
Euler,	McDonald (Shediac),
Haig,	Paquet,
Howden,	Paterson,
Hugessen,	White,
	Wilson—17.

NON-CONTENTS

The Honourable Senators

Bishop,	McIntyre,
Copp,	McKeen,
Davies,	McLean,
Dupuis,	Murdock,
Fafard,	Robertson,
Ferland,	Robinson,
Gouin,	St. Pere,
Hurtubise,	Sinclair,
Hushion,	Stevenson,
Johnston,	Taylor,
Lesage,	Vaillancourt,
Mackenzie,	Vien—25.
McGuire,	

Hon. Mr. BEAUREGARD: Honourable senators, I was paired with the honourable senator from Sorel (Hon. Mr. David). Had I voted, I should have voted for the amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

CORRESPONDENCE TABLED

Hon. WISHART McL. ROBERTSON: I lay on the table copies of part of a letter from Premier Garson of Manitoba to Honourable Mr. Howe, Minister of Trade and Commerce, dated March 18, 1948, concerning certion provisions of Bill 135, an Act to amend the Canadian Wheat Board Act, relating to the marketing of oats and barley, together with Mr. Howe's reply, dated March 20, 1948.

Hon. Mr. HAIG: Will the government leader put it on the record?

Hon. Mr. ROBERTSON: With the consent of the Senate, these letters will be incorporated in *Hansard*.

(See appendix at end of today's report.)

SUSPENSION OF RULES

MOTION

Hon. Mr. ROBERTSON moved:

That for the balance of the present month Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second readings of the following bills:

Bill U-6, an Act for the relief of Francis Clyde Peachey.

Bill V-6, an Act for the relief of Harriet Dodd McLachlan Cummings.

Bill W-6, an Act for the relief of Phyllis Smith Curtis.

Bill X-6, an Act for the relief of Jacqueline Louise Waddington Skinner.

Bill Y-6, an Act for the relief of George Malouf.

Bill Z-6, an Act for the relief of Sonja Anna Margaret van der Walde Brown.

Bill A-7, an Act for the relief of Richard Edward Welsh.

Bill B-7, an Act for the relief of Violet Maude Mitchell.

Bill C-7, an Act for the relief of Elsie Williams Lodge.

Bill D-7, an Act for the relief of Joseph Albert Aldee Leveillee.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. HAIG moved the third readings of the bills.

The motion was agreed to, and the bills were read the third time, and passed, on division.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 8.30 p.m., for the purpose of giving the Royal Assent to certain bills.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 172, an Act to amend the Excise Tax Act.

The bill was read the first time.

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, this bill deals with the excise taxes announced by the Minister of Finance on November 17, 1947 as one aspect of the emergency program to conserve our rapidly dwindling supplies of foreign exchange. It will be recalled that a 25 per cent excise tax is imposed on a variety of electrical, sporting and luxury goods, that excise taxes on a sliding scale are imposed on passenger automobiles in accordance with their value, and that the sales tax on domestic gas and electricity is repealed, as is the excise tax on sugar and syrups.

The main purpose of these taxes is to temporarily discourage the sort of expenditure which adds to our imports from the United States. Most of the goods concerned are produced in Canada in substantial volume and have a large United States dollar content. Practically all of them are on the prohibited or quota lists. If the taxes had not been imposed, the Canadian manufacturer of electrical appliances, for instance, might have expanded his production to fill the gap created by the restriction of imports from United States competitors. This expansion would have meant buying more component parts in the United States, thus defeating the purpose of the import restrictions.

In addition, the imposition of the tax helps to prevent discrimination against regular suppliers of these goods in the United States and their dealer organizations in this country. Finally, the taxes ensure that any shortages of supply of these goods in Canada, through the cutting off of United States imports, leads to increased public revenue rather than to higher prices and higher profits for domestic producers.

It is admitted that the effect of these taxes is hard on our own producers of the goods in question, because they bring about a reduction in output and employment; but hard as this may be, in view of the serious exchange situation it is necessary in the public interest of this country.

The chief criticism I have heard of these taxes is that they were announced while parliament was not in session. For that the gov-

ernment takes full responsibility. It was felt that the taxes were a vital part of the whole dollar-saving program, and that it was absolutely impractical to announce them as applying only when parliament gave its approval. To the extent that the procedure was a departure from traditional way of doing things, the government feels that the existing emergency and the attendant circumstances fully justified the course of action followed.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to delay the house, but I may say that I am a little shocked to see a Liberal government imposing a tax of this prohibitive nature. The longer you live the more you learn—and you can never tell what even a Liberal government will do.

Hon. Mr. COPP: Usually the right thing, of course.

Hon. Mr. HAIG: Well, I do not know about that. If I were an employee of one of the plants manufacturing goods affected by this bill and were going to lose my job, I would be very unhappy. Up to the 17th of November there was a considerable stockpile of these goods on hand, but I am persuaded that by the first of July they will start to run out and the difficulties will then follow.

I was not encouraged by the views recently expressed in committee on the exchange situation, and I am further persuaded that unless the American government places certain funds for use in Canada under the Marshall plan, we are going to have a real struggle. Furthermore, I do not consider that any of the proposed amendments to this bill will help very materially. I feel that the situation may prove serious if, as is suggested by Senator Taft, for instance, the United States impose certain restrictions on the expenditure of money. I am not going to take the view expressed by my party in the other house, but I do criticize the government because, although it knew a year ago that our surplus of American dollars was running out, it allowed our people to continue buying capital goods across the border at high prices. The government's explanation is that, because of the Geneva Trade Agreements, it did not want to break off relations with the United States. My judgment is that the government should have conserved our exchange. I do not believe the minister had a bit of authority to do what he did, but I do not criticize him, because he could not have done anything else.

Though I am not in favour of the bill, I am willing that it be given second reading.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 173, an Act to amend the Customs Tariff.

The bill was read the first time.

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, the purpose of this bill is to reduce from three cents to two cents a pound, the customs tariff on coffee imported under the intermediate tariff. In recent years importations under this classification have represented the larger part of our coffee imports.

The second change made by the bill is to reduce the tariff from four cents a pound to free entry in the case of tea entering under the British preferential tariff, and from eight cents a pound to two cents a pound in the case of intermediate tariff. Most tea comes in under the British preferential tariff.

I do not know that I can add anything more in explanation of this bill, but I do express the hope that the reduction in the tariffs will commend itself to the universal opinion of the house.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

APPROPRIATION BILL No. 1

FIRST READING

A message was received from the House of Commons with Bill 183, and Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1949.

The bill was read the first time.

SECOND READING

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate I move the second reading of this bill now.

It is presented in accordance with the custom of anticipating, after the estimates have been brought down, that the public services will require certain sums of money before it is likely that parliament will have passed the estimates in total. The purpose of this bill is to provide one-sixth of all the items to be voted in the main estimates for the fiscal year 1948-49. This would seem to be a sum not exceeding $179,134,768.66. Then there is an additional one-third of certain items to provide for payment for services within the first few months of the year. These items are referred to in Schedule A to the bill. They apply to three departments: Agriculture, External Affairs, and Trade and Commerce. The agriculture item is for freight assistance on western feed grains. The termination of the crop year on July 31 will have the effect of concentrating the bulk of claims coming due for payment under this policy into the first quarter of the fiscal year, requiring that a substantial additional amount be provided for this purpose. The item for the Department of External Affairs is to cover general post-UNRRA relief, this being a re-vote of the unexpended amount of the $20 million provided in 1947-48. The Trade and Commerce item is for an amount of $450,000 to provide for the Canadian International Trade Fair to be held in Toronto from May 31 to June 12 this year. The early date at which this fair is being held makes it necessary to provide funds to cover expenses of preparation. The amount to be granted under Schedule A appears to be $2,965,800.33.

The bill provides an additional one-sixth of certain special items to cover services of a seasonal and sessional nature on which heaviest payments fall due in the early part of the year. These items, which are shown in Schedule B to the bill, include additional requirements for general administration of the Senate and House of Commons, and heavy expenses on national parks and historic sites in the early part of the year, in preparation for the tourist season. The amount granted by Schedule B is $1,462,158.50.

The bill also provides an additional one-twelfth of certain other items similar to those referred to in Schedule B but requiring a lesser proportion. These are set out in Schedule C, which grants the sum of $2,037,567.83.

Honourable senators will understand that the sums to be voted by the bill will in effect cover the cost of public services for two months of the coming fiscal year, and also certain additional items to which I have referred.

Hon. Mr. HORNER: I do not suppose the honourable leader is able to tell us the exact amount being voted to cover freight on the shipment of feed grains to Prince Edward Island. I imagine that item is not set out separately.

Hon. Mr. ROBERTSON: I have not that figure before me, and if I had I feel sure that it would be dwarfed by certain figures for Saskatchewan.

Hon. JOHN T. HAIG: Honourable senators, I suggest that my honourable friend from Blaine Lake (Hon. Mr. Horner) would be more likely to get that information from the railway estimates.

The sum to be voted by this bill is of course not one-sixth of the total expenditures on public services, because some of these expenditures are paid out of consolidated revenue, under statutory authority.

I have always disliked the practice of sending over an interim supply bill to the Senate just before the end of a fiscal year, and ever since I have been here I have reserved the right to make further comments when the general estimates come down. In the last three days probably more legislation has been sent over here than in the previous three months. No doubt a similar complaint has been made at least eighty times in the last eighty years. It is impossible for the Senate to deal intelligently with legislation under these circumstances, and the procedure makes our discussion appear stupid. It so happens that owing to the kindness of the Clerk I was handed a copy of this bill yesterday, but I saw other bills only just before they were introduced here. It may be out of order for me to do so, but with the consent of the house I will say that I think the other house has too many measures under consideration at one time, and therefore is unable to bring discussion on individual measures to an early conclusion.

When the customs tariff and excise bills were before us I kept quiet. I admit quite candidly that I am not able to state what effect this legislation will have upon the business of the country, but it would have been a good thing if some of our members who are industrialists had developed this point. The bald statement that we think the legislation is necessary, does not convince the people. I believe that by reason of the delay in handling legislation the Parliament of Canada loses some of its usefulness. When I complain of a bill coming before us just as we are about to adjourn, I know the answer of some honourable members will be that we can sit here all

next week. That could be done, but the House of Commons would not be sitting, and if those of us who have some distance to travel are to be home for Good Friday we have to get going soon. I am not criticizing the government or the honourable leader in this house, but I do think that legislation should come here in a more steady stream.

Hon. Mr. ROBERTSON: I thank my honourable friend for bringing to my attention a point that I had overlooked. I must say that the passage of this bill will not prejudice the rights and privileges of any member to discuss and criticize any item in the estimates which will come up from time to time during the balance of the session. The usual undertaking is hereby given that such rights and privileges will be respected, and will not be curtailed or restricted in any way as a result of the passage of this measure.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I am advised that the one remaining piece of legislation to be considered is the bill covering the supplementary estimates. I have asked the acting whip (Hon. A. L. Beaubien) to advise me of the latest developments in the other house, and he will be back in a moment or two. If the bill is not ready to come here, the only alternative is to adjourn during pleasure, to reassemble at the call of the bell.

In the meantime I may say to honourable senators that there is no business on our Order Paper which requires immediate attention. Honourable members will recall that we gave second reading to the Canada Shipping Bill, and that it was referred to the Standing Committee on Transport and Communications. There will be some further hearings in connection with that measure, but certain notice is required so that the interested parties can be present to appear before the committee.

Following the Easter recess I should like the Committee on Transport and Communications to be prepared to meet on the morning of Tuesday, April 20. The date fixed for the first meeting of the Divorce Committee is Monday, April 19.

To facilitate the business of the house, I will now move that when this house adjourns it stand adjourned until Monday, April 19, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 184, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1948.

The bill was read the first time.

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of the bill.

He said: Honourable senators will recall that it is customary at this time of year to present end-of-the-year supplementaries. These are being submitted to the house as incorporated in this bill. The total requirement is in the sum of $79,809,338, of which $73,331,873 is included under normal services and $6,477,465 under demobilization and reconversion.

There are a number of unusual items which largely account for the total of $79,809,338. The first, and largest, is to provide for deficits on certain accounts of the Canadian Wheat Board pursuant to guarantees given by the Government of Canada: $31,500,000. Honourable senators will bear in mind that this item, although payable to the Wheat Board, has nothing to do with the ordinary purchases and sales of wheat. It arises from the fact that the Wheat Board acted as agent of the government in connection with the various appropriations made from time to time during the past year for the equalization funds in respect of the differences in sale prices, and other items relative to various agricultural products.

The additional amount required for the government's contribution to the Unemployment Insurance Fund is $5,000,000.

The Canadian National Railways deficit for the calendar year 1947 is $15,885,000. Additional amounts for subsidies on feed grains, including freight assistance, amount to $10,550,000. Speaking only from memory, and for the information of the honourable senator from Blaine Lake (Hon. Mr. Horner), I recall having read that this particular appropriation redounds to the credit and to the advantage

of the producers of feed grains in the West, particularly those in Saskatchewan. However, I do not vouch for the story.

Hon. Mr. HORNER: I do not admit that!

Hon. Mr. ROBERTSON: Additional payments to or for veterans and their dependents amount to $5,827,000. These various items total $68,762,000. There are other smaller amounts.

Hon. Mr. HAIG: I should like to ask a question of which, probably, I should have given notice. I observe that the Canadian National Railways deficit for 1947 is over $15,000,000. That amount, I understand, does not include capital expenditures for replacements, as to which there are, I believe, no reserves. Does the government leader know what those expenditures amount to?

Hon. Mr. ROBERTSON: I am not in a position at this time to answer my honourable friend's question.

Hon. Mr. HAIG: I should like to have that information the next time the matter is before the Senate.

Hon. Mr. ROBERTSON: Perhaps the question could be asked when these items are before the Finance Committee.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Farm Improvement Loans Act, 1944.

An Act to incorporate National General Insurance Company.

An Act respecting the Trust and Loan Company of Canada.

An Act respecting the Eastern Trust Company.

An Act respecting the New Westminster Harbour Commissioners and to provide for the refunding of maturing financial obligations.

An Act to amend the Continuation of Transitional Measures Act, 1947.

An Act to amend the Agricultural Products Act.

An Act to amend the Canadian Wheat Board Act, 1935.

An Act to amend the Excise Tax Act.

An Act to amend the Customs Tariff.

An Act respecting Emergency Measures for the Conservation of Canadian Foreign Exchange Resources.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1948.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, April 19, at 8 p.m.

APPENDIX

Province of Manitoba
Office of the Premier

Winnipeg, March 18, 1948.

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
Ottawa, Ontario.

Dear Mr. Howe: . . . . (After referring to Mr. Howe's statements in the House of Commons, Mr. Garson went on to say):

Our experience with complementary legislation has not always been too satisfactory. The Dominion has at its disposal all the facts in the domestic and international environments which bear upon the wisdom of the legislation which it passes. We do not necessarily or usually have these facts when under pressure of time we are called upon to give effect by provincial legislation to a federal policy in the formation of which we have not been consulted.

In the present case we desire to avoid getting into such a situation; and that is why we are writing this letter to you. We would like to know the facts and the reasoning upon which your legislation is based, the results that it is intended to accomplish, the Canadians whom it is intended to benefit, the Canadians who it is intended shall pay the major cost of it, and in general all of the information which we would gather as a matter of routine before even commencing to think about the drafting of Manitoba legislation. We should have this information in time that we can give it adequate and careful consideration; for if we pass complementary legislation to your own, your policy becomes our policy and we have to justify it as our policy.

Since reading about your proposed plan in the newspapers we have given some consideration to this matter. It may clarify our joint understanding of the matter if we set out here some of our tentative impressions.

The Canadian Wheat Board Act of 1935 set up the Wheat Board as the voluntary agency of the wheat producers, charged with the fiduciary responsibility to secure for farmers who shipped wheat to it the best price available consistent with the promotion of the sale and use of Canadian wheat in world markets; and until the change made by Order-in-Council in 1945 all the business of the Board was conducted on this basis.

During the war, on September 28, 1943, by Order-in-Council P.C. 7942 your government provided that the Wheat Board was to become a compulsory agency or monopoly where it had formerly been a voluntary agency; and that it was to become the agent of the Crown, instead of continuing as it had been the agent of the wheat producers. Later in 1947, the provisions of this Order-in-Council were incorporated into the provisions of the Wheat Board Act where they now appear as Section 4, s.s.(2), reading as follows:

4. (2) The Board is for all purposes an agent of His Majesty in the right of Canada and its powers under this Act may be exercised by it only as an agency of His Majesty in the said right.

In 1947 another provision was inserted in the Act which also had been previously covered by Order in Council in Section 4, s.s. (3), paragraph (j), reading as follows:

4. (3) The Board is incorporated with the object of marketing in an orderly manner in interprovincial and export trade, grain grown in Canada, and shall possess the following powers:

(j) to act as agent for or on behalf of any minister or agent of His Majesty in right of Canada in respect of any operations that it may be directed to carry out by the Governor in Council; and—

The effect of these provisions in practice was that the Wheat Board was changed from being an agency of the wheat producers charged with responsibility for getting the best possible price, to an agency of the government, getting a price which would be fixed by the government, that is a political price, using that phrase in its best sense. Since 1943, when the Wheat Board was changed from being an agency of the wheat growers to being an agency of the government, the price paid to Canadian farmers for their wheat has been determined as a matter of government policy in the light of such considerations as the food agreements with Great Britain and the advantages of holding down the cost of living in Canada, and doubtless other equally worthwhile reasons.

Our information is that at the present time the two main factors which affect the present price of oats and barley are, in the order of their importance:

First, the fact that the government has imposed a general ban upon the export of oats and barley from Canada, including shipments to the United States. Since the domestic demand for oats and barley has not been sufficient to absorb the crop, there is a surplus of oats and barley in the Canadian market at the moment, which certainly cannot have

a good effect upon the price, and probably has had a bad one.

Second, the government has maintained in effect an embargo upon the shipment of livestock into the American market. This leaves the only practical export outlet that under the British contracts. These British contracts, therefore, establish the price of our pork, beef, poultry and dairy products. The prices on these animal products affect the prices of such oats and barley as the livestock raiser will use for feed, because the quantity of animal products which he can sell and their price will affect the amount of feed grains which he will buy and the price he can afford to pay for them.

The holding down of the Canadian cost of living and the embargo upon the exports of farm products to the United States are examples of policies which are intelligible and perhaps wise. But they are also national policies, the cost of carrying out which should be paid, in our opinion, by the whole body of the Canadian people and not by the Canadian farmers only.

What we would like to know is whether in the legislation which you will ask us to complement, these same principles or policies will be followed with regard to oats and barley? Is the Wheat Board to be the agent of the producer of oats and barley, charged with the responsibility of securing the best price possible in all available outlets? Or is the board to be the agency of the government, buying oats and barley at a price set by the government, for reasons not necessarily related to, and even incompatible with the securing of the best price? Is the price to be set, for example, at a certain level to keep down the cost of living in Canada or to provide livestock raisers with feed at a reasonable figure? In this latter case, if the Wheat Board fixed a price for oats and barley below what they can be sold for, will the resulting loss be left with the producer of the oats and barley? Or will this loss be paid by the whole Canadian people? To put this in another way, will it be the policy of the Wheat Board in handling oats and barley to hold down the price to the buyer of them by open or hidden subsidies? If so, who will pay the subsidies, the producer of oats and barley or the federal government representing and taxing the whole body of the Canadian people?

At the present time our export trade in oats and barley is shut off by a general export ban. Some of our traditional markets for oats and barley, particularly malting barley, have been passed by for some time in the interests of maintaining a supply of feed grains in Canada in order to meet the requirements of the British contracts and our domestic needs in the production of animal products. Our trade to Great Britain is regulated by government agreements which fix our prices for our wheat, beef, pork, poultry and dairy products. As long as these conditions continue, it would be relatively easy for the Wheat Board to set the price for oats and barley; for the Wheat Board could not get any greater price than these government policies will make possible, even if it were acting as the agent of the producer of oats and barley. But the price so determined would not necessarily be fair to the producer and could be most unfair.

Let us suppose, however, that the time comes when it is impossible or unwise to renew these British contracts and to maintain this export ban. In such a case we should have to seek a re-establishment of our former export markets for oats and barley and their products. If at that time the Wheat Board were the agent of the producer of oats and barley, it would be under obligation to get for him the best price available for his oats and barley in the export and Canadian markets. If, on the contrary, the Wheat Board would fix the price in accordance with the government's instructions; but with export markets available, surely it would do so in some kind of relation to market prices in the export and Canadian markets? In such event, under your proposed policy and legislation, who will defray the difference, if any, between the market price and the Wheat Board price, the nation or the producer of oats and barley?

At this point may we ask the question "What other product of Canada, either primary or secondary, is the government going to fix the price of and leave the burden of carrying the difference between the government price and the market price upon the producers of these products?" If this is a good policy for wheat and pork and beef and poultry products, and now oats and barley, why is it not a good policy for copper, newsprint, fish, tractors and farm implements? This is a question with which we are likely to be confronted in the passage of our complementary legislation.

Answers to the following questions would also be most helpful to us in deciding whether we should pass provincial legislation complementary to your own:

(1) Is it the intention in the fairly near future to relieve the pressure on the market of the extra supply of oats and barley in Canada by lifting the present ban upon their export?

(2) Is it the intention in the fairly near future to lift the embargo upon the shipment of livestock products into the United States?

(3) What technical methods are going to be used in the handling and marketing of oats and barley under this proposed new arrangement? Are you going to use all the existing organizations and superimpose upon them the Wheat Board operations? Or are you going to substitute the Wheat Board operations for some part of the present handling?

(4) To what extent do you propose to restrict exports in the interests of maintaining in Canada what the government may regard as a sufficient quantity of oats and barley for feeding purposes? How will the Wheat Board as a matter of governmental policy make allocation as between these domestic requirements and exports? What will its pricing policy be on the feed grains consumed in Canada in relation to the prices available in the Canadian or export markets?

(5) If in the interests of national policy and for the Canadian people as a whole, the price of oats and barley is set at a level which is less than would otherwise be available, and it is not the intention under your legislation to have the whole Canadian people make up the difference between these two prices, by what arguments do you and can we justify this course?

(6) We would like to have a copy of the legal opinion upon which you base your view that provincial legislation complementary to your own is necessary. If the present dominion legislation controlling interprovincial and export trade in wheat be valid without complementary provincial legislation we find some difficulty in understanding why legislation controlling interprovincial and export trade in oats and barley and providing also for control of local marketing an ancillary to control of interprovincial and export trade, should not also be valid? We would like you to assure us that in passing complementary legislation we would not be invoking the provincial jurisdiction unnecessarily.

(7) If complementary legislation be required from Alberta, Saskatchewan and Manitoba, in which large quantities of oats and barley are grown and also large quantities would be purchased from the Wheat Board, why would complementary legislation not be required from Ontario and Quebec, in which large quantities of oats and barley are grown and also large quantities would be purchased from the Wheat Board? Have you secured a legal opinion upon this point, and if so, may we have a copy of it? In the absence of complementary legislation from Ontario and Quebec, how would your federal legislation deal with a situation of this sort? Let us suppose that with a better than average crop of oats and barley in both western Canada and eastern Canada, that there were a short crop of corn for feeding purposes in the United States such as would make the American market an attractive outlet for our surplus feeds. Upon your assumption that provincial complementary legislation is essential, would the absence of complementary legislation in Ontario and Quebec leave you in a position in which the Ontario and Quebec producers of oats and barley could export their production to the United States for the American price and replace the same with western Canadian oats and barley purchased from the Wheat Board at what might be a lower price fixed by that body. In other words, if complementary provincial legislation be necessary, what would be the legal and practical effect, if it were not provided in Ontario and Quebec?

Without the information herein requested it is impossible for us to give this most important matter the careful and adequate consideration which it should have from us.

March 20, 1948.

Dear Mr. Garson—

I wish to acknowledge your letter of March 16th with reference to complementary legislation to Bill 135 which is presently before parliament.

I believe that the facts in support of this legislation are as well known to you as they are to me. The Canadian Federation of Agriculture, purporting to represent the views of the considerable majority of farmers in western and eastern Canada, has recommended the placing of the marketing of coarse grains under the Canadian Wheat Board. In our discussions with the Canadian Federation of Agriculture, they have indicated the need of complementary legislation by the legislatures of the three prairie provinces, and have urged the early passage of legislation on our part in order that the provincial legislatures may act while they are presently in session.

I have no doubt that the representations that have been made to the federal government have also been made to the Government of Manitoba. As a matter of policy, so far as the federal government is concerned, we have made our decision as indicated by the introduction of Bill 135 and by my statement from which you have quoted.

Your policy in the light of these representations is a matter for the Government of Manitoba to decide, and any ensuing complementary legislation is a matter for your decision.

In general reply to your questions regarding administration, I might say that we would look to the Canadian Federation of Agriculture to recommend prices for oats and barley satisfactory both to producers and feeders. In respect of your detailed questions of administration, however, these are matters of government decision to be announced in due course.

Yours faithfully,

C. D. HOWE.

Premier Stuart Garson,
Premier of Manitoba,
Winnipeg, Manitoba.

THE SENATE

Monday, April 19, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EMERGENCY GOLD MINING ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act respecting Emergency Payments to assist in meeting increased Cost of Production of Gold.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Wednesday next.

EXPORT CREDITS INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 197, an Act to amend the Export Credits Insurance Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

WAR SERVICE GRANTS BILL

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons to return Bill H, an Act to amend the War Service Grants Act, 1944, and to acquaint the Senate that they have passed the said bill with an amendment, to which they desire the concurrence of the Senate.

When shall the amendment be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

EXPORT AND IMPORT PERMITS BILL

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons to return Bill U-3, an Act to amend the Export and Import Permits Act, and to acquaint the Senate that they have passed the said bill with amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Honourable senators will recall that this bill was considered before this house and in committee, and then went to the other house, which made substantial amendments. These amendments arose out of E.R.P. developments which occurred between the time of the passage of the bill in this house and its consideration in the other place. Because they are of a substantial nature, I believe it is appropriate that they be printed in our Votes and Proceedings. My intention is to move that the bill be referred back to the Standing Committee on Banking and Commerce.

The Hon. the SPEAKER: I think my honourable friend should first indicate when the amendments are to be taken into consideration.

Hon. Mr. ROBERTSON: Next sitting.

NORTH FRASER HARBOUR COMMISSIONERS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill E-7, an Act to amend the North Fraser Harbour Commissioners Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

PRIVATE BILL

FIRST READING

Hon. Mr. CRERAR present Bill F-7, an Act to incorporate Western Pipe Lines.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. CRERAR: Wednesday.

NATIONAL PARKS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill G-7, an Act to amend the National Parks Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DAIRY INDUSTRY BILL

ORDER FOR SECOND READING POSTPONED

On the Order:

Resuming the adjourned debate on the motion for the second reading of Bill (B) intituled: "An Act to amend the Dairy Industry Act."

An Hon. SENATOR: Stand.

Hon. Mr. HARDY: Before it is agreed that this item shall stand, may I say that it has been standing in the name of the honourable senator from Grandville (Hon. Mr. Bouffard) for something like two months. While no objection will be raised tonight, as far as I am concerned, we expect that this debate will proceed tomorrow. If the honourable senator from Grandville is not here, we shall go ahead with it anyway. I understand from an authority I have consulted that when a debate is adjourned, and repeatedly postponed, through the absence of the honourable senator who has moved the adjournment, that senator forfeits his right to speak on the bill at all.

The order stands.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA —APPROVAL OF GENERAL AGREEMENT

On the Order:

Resuming the adjourned debate on the motion of Honourable Senator Robertson—That it is expedient that the Houses of Parliament do approve the General Agreement on Tariffs and Trade, including the Protocol of Provisional Application thereof, annexed to the Final Act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom; and that this House do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. Mr. HAIG: Honourable members, I am prepared to go on with this debate. The motion is being delayed simply because the matter is under consideration in committee. If there is any objection to further postponement, I will drop it.

The order stands.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, April 20, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. B. COPP presented the report of the Standing Committee on Transport and Communications on Bill Q-5, an Act respecting Canadian Marconi Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 15, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. COPP: Now.

The motion was agreed to, and the bill was read the third time, and passed.

PRISONS AND REFORMATORIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill H-7, an Act to amend the Prisons and Reformatories Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

YUKON PLACER MINING BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill I-7, an Act to amend the Yukon Placer Mining Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

YUKON QUARTZ MINING BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill J-7, an Act to amend the Yukon Quartz Mining Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

DAIRY INDUSTRY BILL

REPLY TO INQUIRY

Hon. WISHART McL. ROBERTSON: Before the orders of the day are called, I would remind honourable senators of a verbal question which the honourable senator from Waterloo (Hon. Mr. Euler) asked me some time before our recent adjournment. It was to this effect:

> In this morning's *Citizen* I note an article which says that the government is now informed by the officers of the Department of Justice that it is not required by the Geneva agreements to remove the ban on the importation of margarine. As this is in direct contradiction to a statement made in the Trade Relations Committee by the government officials who negotiated the agreements, I would ask the leader of the government if he can tell the Senate which statement is correct?

Honourable senators, since this question was asked, I have ascertained that an opinion was sought and secured from the law officers of the Crown as to whether or not, under the terms of the Geneva Trade agreements, Canada was specifically required to remove the ban on the importation and sale of margarine. I have been advised that their opinion is that Canada is not required to remove such ban.

I am not in a position to answer the specific question asked by the honourable senator from Waterloo (Hon. Mr. Euler) as to which is correct, the opinion of the law officers of the Crown or the statement of the government officials to whom he referred in his inquiry. I doubt if my personal view is what he desires. As my honourable friend has been a member of the government for so many more years than I have, I should think he would be fully aware of the procedure frequently followed when questions arise, namely, of seeking the view of the Department of Justice as to legal interpretations.

SECOND READING

The Senate resumed from Wednesday, February 18, the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. A. C. HARDY: Honourable senators, I am somewhat loath to interject myself into the place of the honourable senator from Grandville (Hon. Mr. Bouffard), but as this

item has been standing on the Order Paper for some two months or more, I think we should do what we can to dispose of it.

I have not moved in this matter before because, if I had intervened, the member who adjourned the debate and is not present to carry on would not only lose his place, but the privilege of speaking to the motion at all. I have no doubt, however, that the Senate will not stand in the way of the honourable senator from Grandville—who is a very distinguished member of this house and of his own community—speaking on the matter if and when he so desires.

This is the third time this bill has been before the Senate. As it has already been thoroughly discussed, not only here but in the press throughout the country as well as in all kinds of meetings, there is really not much to be added, and my remarks will be brief, because I do not want to take up the time of the Senate by reiterating what has already been said.

Two years ago when a similar bill to this was introduced, one of the great objections raised to it was that margarine was not a wholesome food. Since that time even the strongest opponents of margarine have completely abandoned that argument, so I shall not take any time in discussing it.

As I see it the only real opposition remaining to the principle of the bill is that it is going to do harm to the dairy farmers of this country; some have gone so far as to say that if it is passed it will ruin the dairy farmers from one end of Canada to the other. As a dairy farmer myself, I do not agree with that opinion. I do not think it would do a bit of harm. Of course, we are all entitled to our own opinion, and I recognize the right of others to differ from me as I would expect them to recognize my right to differ from them.

Since this bill was first introduced there have been a good many developments, one of which was touched upon this afternoon by the leader of the government (Hon. Mr. Robertson). First, there has been the question of the entry of Newfoundland into confederation and the terms offered by Canada to that country in connection with margarine. That matter and another important question, the terms of the Geneva conference, have been discussed in detail, clearly and forcefully, by the sponsor of this bill (Hon. Mr. Euler), and it would only be a waste of time for me to say anything further about them. However, even since the bill was introduced in the present session, there has been another important development—the very high soaring of the price of butter, and an extraordinary shortage of that article, which began about six or eight weeks ago. I know that in my own home town butter can scarcely be obtained at all. If you have "pull" with your grocer you may be able to get half a pound, or possibly a pound, and I believe a similar condition exists throughout Ontario. What the condition is in Quebec and the eastern and western provinces, I do not know. In a Montreal hospital, one of the finest in Canada, where I was called the other day, I noticed that the butter served for midday dinner weighed about one-tenth of an ounce. It was the ordinary small thin pat, cut diagonally across. That was for a patient who needed good nourishing food. On asking if that was all the butter served at a meal, I was told: "All the patients are getting just the same quantity. It is very hard to see, but there is some there.' Now, when hospitals like that cannot get enough butter, the situation is pretty bad. As we know, the Parliamentary Restaurant went without butter a short time ago; and at luncheon there today we were served something that was called butter, but if there was not something mixed with it I do not know what butter is.

Hon. Mr. COPP: Maybe margarine is being brought in.

Hon. Mr. HARDY: I do not suppose there was margarine in it, but certainly something was mixed with the butter. It may have been water; it tasted much like that.

At the base of this whole matter is the point that is being raised by the pro-margarine members of the Senate, the question of the freedom of choice. It amazes me to hear Liberal after Liberal, men that we know are real Liberals, getting up and advocating—I do not say this offensively—this Tory-of-Tories kind of prohibition. The Conservative party went in for heavy prohibition, but even in its worst days it did not go so far as to ban good foods; or if it did, the ban did not last long. I say it is amazing to see men bearing the Liberal label opposing a progressive measure like this and saying that we cannot buy a perfectly good, nutritive food, such as oleomargarine. This point has been discussed at length several times.

To my mind the prohibition against margarine is vicious class legislation. Whenever class legislation is attacked, those who have been enjoying privileges under it immediately rise to cry "Ruin!" Many members of this house will remember the outcry made by the great agricultural implement factories in Canada when the duty on agricultural implements was reduced to 12½ per cent. They

could not exist on that. A little later when the duty was entirely removed from agricultural implements the same cry arose. But today the agricultural implement manufacturers are doing very well indeed. In fact, since the duties were taken off, their factories have become larger and larger.

Take the automobile industry. In the year 1926 when automobiles were selling at from 50 to 100 per cent more in Canada than in the United States, the late honourable Mr. Robb, then Minister of Finance, reduced the duties drastically. It was stated that the automobile industry would be ruined, and I am sure many honourable senators will remember the huge demonstration that was staged in front of these buildings by several thousand men from the factories. Mr. Robb stuck to his guns, and the big automobile manufacturers at Oshawa immediately closed their doors. But they were soon served with an ultimatum that if they did not open up within a short time—I think it was forty-eight hours—the government would take their plant over and operate it. The manufacturers then opened up the plant, and within six months they announced that within a year they would put up an enormous addition costing something like a million dollars. This company that was going to be ruined had to extend its plant, even with the considerably reduced duties.

Some months ago our government was endeavouring to make a deal with New Zealand for the shipment of 25,000,000 pounds of butter, or $25,000,000 worth; it does not matter which—but the deal fell through. It is to be noted that throughout the negotiations, which were carried on for some time, not a single protest was heard from the dairy farmers or the dairy industry. Also, within the past two weeks an endeavour has been made to purchase a million pounds of butter from Denmark, but because of the high price negotiations fell through. Again there was no outcry from the farmers or the dairy industry generally. Yet when we propose to allow the manufacture of oleomargarine in this country we encounter strongly organized opposition.

Since this bill was introduced in the house the question of Newfoundland has come up. Our government intimated that if that country joined in confederation it would be permitted to manufacture oleomargarine. The sponsor of the bill now before us (Hon. Mr. Euler) dealt with that point fully. In answering him the honourable senator from Kennebec (Hon. Mr. Vaillancourt), in a very able speech, disposed of it by saying:

> We have spoken of Newfoundland. Why bring up a situation which does not exist? Newfoundland has refused to enter confederation.

At that very moment the British government was promulgating an order which would permit the people of Newfoundland to vote on the question of whether or not they would come in with Canada. So it will be seen that the people of Newfoundland have not refused to enter confederation.

While I have the speech of the honourable gentleman from Kennebec (Hon. Mr. Vaillancourt) before me, may I say that, able as it was, it consisted cheifly of figures on the cost of margarine as compared with the cost of butter. When the honourable senator says that margarine would cost fifty cents a pound to manufacture he is certainly in error, for I have heard of and seen an offer from a man in the United States who is willing to supply us with all the margarine we want, saleable to the customers on this side of the line at forty cents a pound; or he will come over here and manufacture it at the same price.

Another extraordinary statement made by the honourable senator was that Denmark, being a poor grain-growing country, imports a large amount of feed for cattle, and that it imports margarine for that purpose. Here are his words:

> When some people see those figures they imagine that oleomargarine is used to feed the Danish people, but actually it is used to feed their cattle.

I would just as soon attempt to feed a horse beef-steak as to feed margarine to cattle. I spoke to several people about that statement, and they were simply amazed at it. In Holland at that time margarine was selling at about thirty-eight cents a pound. I should like to see the dairyman who could afford to feed his cattle, producing either butter or milk, a food costing thirty-eight cents a pound. Furthermore, not only is butter strictly rationed in Denmark, but we have it from the highest Danish authorities that margarine also is strictly rationed for human consumption. I cannot believe that it is being fed to cattle; in fact, we have a denial of that statement from the Danish legation. I shall leave it to the honourable senator from Waterloo (Hon. Mr. Euler) to deal at length with this phase of the subject when he closes the debate.

I see the honourable senator from Kennebec (Hon. Mr. Vallaincourt) just entering the chamber. I am sorry he was not present to hear my remarks. It is strange that a senator of his standing in agricultural circles should

fill his speech with so many mistakes. I do not see what reliance can be put on his remarks at all. I feel that he has been guided by someone with an extraordinary conception of what a senator should say when he speaks before this house.

The chief objection to the bill now seems to be that it will ruin the dairy farmers. No consideration is given to the consumers. When the honourable senator from Mount Stewart (Hon. Mr. McIntyre) was speaking in this debate he was asked if consideration should not be given to the consumers in large and congested manufacturing districts. He replied, "Certainly, I am coming to that." He did come to it, and this is what he said:

I have said that I have great regard for the consuming population of this country, and I would not do anything to injure them. But there is an argument both ways. There is a strong argument for this bill, but there is also a strong argument against it.

That is the consideration he gave to about 2,000,000 working men as compared with from 370,000 to perhaps 500,000 farmers engaged in the dairy business.

That is the only kind of consideration the consumer is getting. I have before me a brochure which honourable senators may have seen: it states that there are nearly half a million farmers scattered across the provinces, of whom some 370,000 at some time or other during the year depend on butter for a cash return. I think we can take that figure as a fairly accurate approximation to the number of dairy farmers or operators of mixed farms who deal in dairy products. As against this producer interest, I could not find any statistics showing the number of working men; but a friend of mine who is largely interested in manufacturing informs me that there are in Canada at least 2,000,000 employed workmen, including, I suppose, numbers of what we call the white-collared class, people receiving comparatively small incomes. Yet all the consideration these people get in this house is two lines from one speaker and four or five lines from another.

Hon. Mr. HORNER: You have to consider the farmers' families as well.

Hon. Mr. EULER: And the workmen's, too.

Hon. Mr. HARDY: A good many of these 2,000,000 workers have families too, although they may not be blessed with families such as that of my honourable friend.

I operate a farm which, though of course not comparable in area to some farms in the West, consists of about 500 acres. It is intensively cultivated, and I carry one of the largest herds of butter-producing cows in Ontario. I will not name the breed, because I do not wish to advertise myself or it. I have not the slightest fear that the use of margarine would damage in the least the successful operation of my farm. Much of my business consists in selling livestock to farmers who are butter producers, and I would be the last person, I am sure, to do anything which would harm their interests. But I do not believe this measure would injure their interests; and in any event I am not prepared to forgo my Liberal principles.

As regards the shortage of butter, and the suggestion that it may be regarded as temporary, I should like to say just a word. The Minister of Agriculture stated about six weeks ago that things would improve in two weeks. Instead of improving they got worse; today they are worse than they have been at any time, and I believe there is no chance of any improvement. Certainly when the pastures come into use we shall have a bigger flow of milk and more butter, but the butter supply will not be sufficient to replenish our reserves. Those reserves are now very seriously depleted, and if we are going to consume butter in the usual quantities we shall not be able to build up a substantial reserve against next winter. I believe that nine or ten months hence there will be a worse shortage than we have known up to the present. That is a matter which should be taken into very serious consideration. There is only one way of improving the situation, and that is for parliament to pass a law permitting the manufacture and sale of margarine.

Hon. Mr. LESAGE: I move the adjournment of the debate.

Some Hon. SENATORS: No.

Hon. Mr. ROBERTSON: Is the honourable senator moving the adjournment on behalf of the senator from Grandville (Hon. Mr. Bouffard)?

Hon. Mr. LESAGE: Yes.

Hon. Mr. ROBERTSON: Perhaps some other senator might continue the debate, and the honourable senator from Gulf (Hon. Mr. Lesage) could then, if he so wished, move the adjournment.

Hon. Mr. LESAGE: That is satisfactory to me.

Hon. T. A. CRERAR: Honourable senators, since this matter was under discussion in the house as recently as a year ago, there has been evident a rapidly increasing interest in the

country in the question of whether the manufacture of and trading in margarine should be restored to Canadians.

The honourable senator from Waterloo (Hon. Mr. Euler), in an excellent speech on the second reading, cited a great deal of evidence which supports the point I have just made. One can scarcely pick up a newspaper without seeing a letter or some reference to the restoration of margarine as a food for Canadians. In some cases municipal councils and labour organizations have passed resolutions in favour of this course. There has been also a noticeable increase in, shall I say, propaganda against the measure. Certainly I have no objection to the dairy interests of Canada putting forward their point of view and pressing it as strongly as possible; but much of the effort of the dairy interests has been directed toward inducing or influencing members of parliament in their attitude towards the bill. This also, I suppose, is all right.

The present discussion is all to the good. It is the way we settle, or should settle, matters in a democratic society. I dislike pressure groups, I care not what the group may be. The development of organizations to exercise pressure upon the legislative agencies of the country wholly distorts what should be the democratic procedure. We legislators exist to serve the public interest, and to do this effectively we require the widest possible discussion on measures. And may I add that that discussion should be on the basis of reason. When an appeal is made to an emotion, or an effort is made to excite a prejudice, a disservice is done to what we call our democratic society.

It appears to me that a good deal of the prejudice against margarine today stems back for almost twenty years. I recall the discussion about New Zealand butter in 1930. It is quite true that Canada, along with the United States and other countries, was entering upon a rather prolonged period of depression, and the New Zealand butter agitation happened to follow shortly after the institution of the Hawley-Smoot tariff in the United States. Honourable senators who live close to the United States border know what the Hawley-Smoot tariff did to the dairy industry of this country. It raised duties to prohibitive levels, and consequently in the Eastern Townships, the Niagara Peninsula and even in the Winnipeg district and the Fraser Valley of British Columbia, milk and cream were denied the United States market, and the dairymen of this country turned to the production of butter. It was shortly afterwards that the New Zealand butter agitation arose. I have always regretted that, but not because it was a factor in my personal defeat in the constituency of Brandon in the federal elections of 1930. Twice during that campaign a Brandon creamery company which, of course, was strongly supporting the late Lord Bennett, sent out announcements reducing the price of cream to farmers. The reason given was the importation of New Zealand butter and, believe me honourable senators, that was a very difficult proposition to face at that time. I mention this because I do not think that sort of procedure really provides a fair or wise solution to a problem of this kind.

The Dairy Council of Canada has been quite active in pressing its point of view. I have no fault to find with it for that; but it must equally afford to others the right of presenting their point of view. So long as the Dairy Council confines itself to argument, I have no objection whatever; but I object decidely to the gentle intimation sometimes given that, if this measure goes through, those who support it in parliament will be marked men. I resent that sort of thing with all my being, because it is a degradation of our whole democratic concept of government.

Is the dairy industry really in danger? That is the question to which I should like to address myself for a moment. Will the manufacture or importation of margarine in Canada ruin the dairy industry, as is claimed by many of those who oppose the measure brought in by my honourable friend from Waterloo? What has been the experience of other countries? Denmark is particularly a dairy country, but for many years it has permitted the importation, sale and manufacture of margarine. I doubt if there is a single country in the world that goes to the extent that Canada does, not only in denying the importation of margarine, but in absolutely forbidding its manufacture. There is no more absolute prohibition or application of protective principles than the ban on the importation or manufacture of margarine, and I shall have a word or two to say in this regard before I finish. I have given some study to this matter and I cannot reach the conclusion that the dairy industry of this country is in danger. I secured from the Bureau of Statistics some figures of production and also a distribution analysis of how this production is utilized in Canada. I shall not quote them all, but if I may, I should like to have them placed on *Hansard* for the information of the house.

(See appendixes A and B at end of today's report)

Let me say first that milk production is the basis for these statistics. Butter may go

up or down, but that fact is not necessarily an accurate criterion of the health of the industry. The test is milk production. In 1935 the milk production in Canada was a little over 14½ billion pounds. In 1947—I shall not give the figures for the intervening years because it would take too much time, and they will appear on the record—the total milk production had increased from 14½ billion to almost 17¼ billion pounds. That indicates, of course, the healthy state of the industry.

It is also interesting to note what happened to this milk production. In that respect changes have been taking place just the same as they have been in everything else. In 1935 the percentage of milk production that went into creamery butter was 35·70 per cent. A little over one-third of the total milk production went into the manufacture of creamery butter. In 1947 that amount had increased to 39·59 per cent. But we have to take in conjunction with that the production of dairy butter, because that commodity is consumed not only on the farms where it is produced, but in many parts of Canada where it enters into commerce. In 1935 the percentage of the total milk production used for dairy butter was 15·66; the total for dairy and creamery butter was 51·36 per cent. In 1947 the dairy butter proportion had droppd to 7·66 per cent of the total, and all butter, both creamery and dairy, accounted that year for 47·25 per cent of the total milk production.

That is rather striking in face of the fact that milk production between those years increased by 2¾ million pounds. Where did that go? We find that fluid milk consumption increased from 19·03 per cent in 1935 to 24·18 per cent in 1947. That was an increase of more than 5 per cent, which almost matches the decrease of 4·11 per cent in butter production between those two years. That of course is understandable. Everyone knows the emphasis that has been placed upon milk as human food. Nutritionists everywhere have been advocating a greater use of milk, especially for children. Indeed, in some of the city schools in Canada today free milk is being given to the children. That is all to the good.

Is that a bad thing for the dairy industry? I think it is one of the best things that have ever happened to the dairy industry. Fluid milk brings a better price by a considerable margin than milk used for the production of cream that goes into butter. Like my honourable friend from Leeds (Hon. Mr. Hardy), I was in the dairy business for a number of years, in Manitoba. On the Winnipeg market today butter fat is selling at about 76 cents per pound. If that is translated on the basis of milk with 3½ per cent butter fat, it means 3½ times 76 cents, or $2.66, per 100 pounds of milk. But in the Winnipeg milk shed today fluid milk is selling at more than $4 per 100 pounds. Consequently, whenever farmers can find a market for fluid milk it pays them to supply to that market and go out of the production of cream and butter. That tendency is likely to increase.

I have another interesting figure to quote, and it will be my last one, for I do not like quoting figures. In 1935 1·28 per cent of the milk produced was used in concentrated milk products; that is concentrated milk and, I presume, canned milk. By 1947 the proportion had increased to 3·87 per cent. What does that mean, honourable senators? It simply means that farmers were finding a more profitable outlet for their milk in having it manufactured into concentrated products. Anyone familiar with the development of our north country, for instance, knows that the only kind of milk that can be used there for consumption is concentrated and canned milk. Markets can be developed abroad also for the same products. To me these figures are pretty convincing proof that our dairy people are really crying out before they are hurt.

I should like to see the dairy interests devote more effort to increased efficiency. My honourable friend from Leeds will confirm my statement that if you have a herd of cows whose average production per cow is 3,000 pounds and your neighbour across the road has a similar herd which averages 5,000 pounds, he has a much better chance to make money than you have. The reason is that an animal producing 5,000 pounds requires no more care or feed than one giving a much smaller yield. I know that from my own experience, because —if I may be pardoned for making a personal allusion—in my own herd, when I was in the dairy business, I raised the production per cow from around 7,000 pounds to over 9,000 pounds; and that made a substantial addition to the profit. I pay tribute to the excellent work being done by all the provincial departments of agriculture and the federal department in the promotion of sound dairy practice and the development of healthy dairy herds. I do not need to dwell on the nutritional value of margarine. That is now beyond dispute. The evidence is overwhelming that margarine is almost, if not quite, equal in nutritional value to butter.

Hon. Mr. EULER: It is just as good.

Hon. Mr. CRERAR: My honourable friend who introduced the measure says that the evidence is that in nutritional value margarine is just as good as butter. So margarine cannot be denied on that score. Well, why not permit its manufacture and importation? Look at it from the elementary point of view of freedom that was referred to by my honourable friend from Leeds (Hon. Mr. Hardy). Why should I or anybody else be denied by law of this parliament the right to buy a wholesome food at say one half or two-thirds the cost of another food that takes its place?

Hon. Mr. FARRIS: How did my honourable friend answer that question when he was in the government.

Hon. Mr. CRERAR: That is a sort of left-handed argument. If the honourable senator wants to find out what my position on the margarine question has been, he can find it in the *House of Commons Debates* of the early twenties. My stand on the matter has not changed from that date. I was opposed to the ban then, I have been opposed to it ever since, and for the reasons I have given, I am opposed to it now.

There is another point. I think that of all classes in this country the farmers are the last class that should ask for protection. My views on the protective principle in our fiscal policy are, I think, pretty well known. I do not need to talk about them. I recall what a penalty was imposed on western farmers forty years ago when there was a duty of 25 per cent against the importation of agricultural implements from the United States to Canada. In Manitoba we were barred by that duty from purchasing implements in Minneapolis, from where the freight would have been half what it was on implements from eastern Canada. That taught me a lesson, honourable senators, in the principles of freedom of trade which has remained with me. I cannot bring myself, even for a moment, to approve the continuation in our laws of a prohibition against the manufacture and use of a healthy food. I think such a prohibition could be criticized very strongly on moral grounds, if one were to view it that way; but to maintain it is simply to continue an injustice in this country against hundreds of thousands of consumers. I believe that if a poll of the opinion in Canada were taken today we would find it overwhelmingly in favour of doing away with this prohibition.

Hon. Mr. EULER: We certainly would.

Hon. Mr. CRERAR: If it were not for the fear that someone somewhere would endeavour to exploit margarine to prejudice the people in the matter of elections, there is no doubt that parliament would accept this proposed measure without delay.

I have spoken at some length, and I trust that I have made clear the reasons why I propose to vote in favour of the bill. I hope that it will receive such support in this house as to make it clear to the people of Canada that in this matter, at any rate, the honourable Senate stands for freedom.

Some Hon. SENATORS: Hear, hear.

Hon. A. N. McLEAN: Honourable senators, many of us who have recently been back to our homes know what it is to be without butter, whether one has the money to buy it or not. We have only to follow the press despatches to fully realize that the great masses of the people in this country desire to buy margarine. Even in the parliamentary restaurant today the late-comers were served some kind of white substance instead of butter. We know not what it was.

Hon. Mr. HAIG: It was cream cheese.

Hon. Mr. McLEAN: The Senate has performed a great duty in watching over and endeavouring to protect the rights of minorities; but as to the manufacture and sale of margarine, I think this is an occasion when we should stand firmly for the rights of the masses of the people throughout Canada who are entitled to buy any good food they choose, if it can be brought within their reach. The Senate, I think, should do its part to clear the way for the sale of a good product that is desired by the vast majority of our citizens.

The original measure, passed in 1886, was called the Prohibition of Substitutes for Butter Act. For health reasons, the doctors were in favour of the bill at that time, and their influence carried great weight in effecting its passage. But the situation has entirely changed. New scientific processes have been brought into use, our pure food laws are among the best anywhere, and the leading doctors of America today endorse margarine and fully recognize it as a good and wholesome food for the people. In this connection may I quote from a recent despatch printed in the Montreal *Gazette*. It is dated Washington, March 9, and reads as follows:

> Dr. H. J. Deuel, Jr., a college professor testified today that "butter is in no way superior to margarine."
>
> Deuel urged the House of Representatives agriculture committee to approve legislation removing "restrictive taxes" on oleomargarine. The committee is holding public hearings on eighteen bills proposing to end all special federal taxes on oleo. The dairy industry opposes removal of the levies.
>
> Deuel, professor of nutrition at the University of Southern California, said he has reached the conclusion that:

"Cow's milk fat may be the ideal fat for growing calves but there is no reason to suppose that a similar superior nutritive value might hold for the human baby."

Deuel read a British scientific paper saying that "human milk fat in regard to its component acids has more resemblance to a typical margarine fat blend than to butter fat."

Without going into too much detail, I should like to bring out some important points in connection with the margarine question. It seems to me that a great pinciple is involved in this bill. In a democracy, such as we stand for in Canada, are the people to have freedom of vocation and freedom of choice? We are prone to criticize other nations whose governments thwart the will of the people in these matters. Why should any one of us assume the right to tell our fellow man what he is going to eat or drink, as long as it is good. Margarine is a nutritious food, endorsed by doctors, dietitians and others, and it can be sold at a price that is reasonable. In Newfoundland the average price is about half that of butter.

At Geneva we as a nation entered into certain trade agreements with more than twenty other countries. The agreements are not perfect. Some of the deals covering fish are not altogether to my liking, but I am told that adjustments will have to await future negotiations. There is no thought, however, of our failing to stand by the Geneva agreements as far as fish or other commodities are concerned. I understand that an agreement was also made to lift the ban on margarine—at least that was the impression given by the delegates at Geneva. We should also stand by that agreement and not resort to the questionable method of placing so high a tariff on the product as to nullify the deal. If we do, we can expect repercussions in connection with tariffs on Canadian products which we desire to export, and the completion of a great deal of the work commenced at Geneva will be placed under a severe handicap.

I am directly interested in the dairy industry, and I should like to see the sale of fluid milk vigorously promoted. Financially, the farmers do better by the sale of fluid milk than by the sale of other dairy products. I was sorry when the subsidy was taken off milk. I should like to have seen it continued. The consumption of fluid milk among growing children increased greatly during the war, and an all-out effort should have been made to continue the increase. Those of us who have had many years of experience in commerce feel that there is an independent market for margarine at a price level which is lower than that of butter. Many people can afford margarine who cannot afford butter. The United States has had margarine for many years, and I do not think it has affected the price of butter very much, if at all. The price of butter across the border has usually been higher than in Canada.

Those who prepare commodities for sale know that new markets immediately open up where lower price levels come into effect for goods that are similar to higher priced products. Take for instance the fish business, which I know a little about. Some citizens may not be able to buy caviar, oysters, lobsters, scallops, salmon and other fish which command good prices, but they can afford herring, cod, pollock, and so forth, which are all good food. Such citizens certainly should never be denied these lower-priced fish when they fill their needs at a cost within their buying power.

I remember some years ago when our east coast herrings did not have much of a sale, except for salt herrings to be cooked with potatoes with the jackets on. Some of us believed herring was as good a food as any fish; and we found ways and means to put up the humble herring and sell it at about half the price of other fish that were better known and well established on the market. Thus an entirely new market was tapped. Thousands of housewives who could not afford to buy the higher priced fish for their husbands' lunch pails bought the lower-priced products, and millions of tins went into the lunches of mine workers and others who toil in our many industries. The increased sale of herring did not affect the sale of the higher-priced fish, and I do not believe that in the long run the sale of margarine would harm the farmer at all. Rather, I think its manufacture and sale would aid our farming communities.

The substance of fat is found in many commodities which come directly or indirectly from land and sea, and what country for its size and population has more land and sea than Canada? Fats are found in cow's milk, soya beans, cottonseed, corn, sunflower seed, peanuts, seal oil, whale oil and many other resources of land and sea. It is necessary, of course, to refine the fats, but the scientific processes of refining them are now as well known as the techniques of refining gold ore and other substances. The farmers of Canada can profitably produce some of these fat-producing crops, as the farmers of the United States are doing. Soya beans have been one of the most profitable crops across the border, and Canada can produce them just as successfully as the United States. Sunflower seed is another profitable crop which our farmers could raise, and seal and whale oil can be profitably produced on our northern coasts. We do not need to import the ingredients of

margarine. Our own producers can have the market for the raw material, including milk.

In closing, I would emphasize the main underlying principle of this margarine question. Are we, who are in the position of honourable senators in a great democracy, going to give those who have placed us here the free choice of what they can eat and drink, provided it is good and healthy food?

Hon. J. P. HOWDEN: What I have to say today will not detain the chamber many minutes.

On the former occasion when this bill was before the Senate I endeavoured to make my position clear. It has not changed. Now, as then, I am in hearty accord with the principle of the measure.

Since the last time this bill was before the chamber conditions have changed somewhat, though not much. At that time, because of rationing and scarcity, butter was hard to get. Today, rationing has gone and butter is available, at least to some; but generally speaking it is as difficult to obtain as ever, and of course margarine has been "out on both counts."

This bill, honourable senators, deals with an important matter, and one which comes close to the home. Bread has been called the staff of life. Most hungry people, certainly those who are very hungry or nearly starving, crave for bread. But dry bread as a regular diet is monotonous, and is neither as palatable nor as sustaining as bread spread with butter. In this form the two substances provide a most satisfactory food, and as such they have been associated and used for hundreds of years. Bread in some form or by some name has been known since earliest history; and butter, we learn, was known, if but little used, in ancient Greece, and was in common use in England at the time of the Norman conquest.

Now comes the issue. Bread has long been the great sustaining diet of the masses, the *sine qua non* of humble human existence; but butter has always been a highly-prized and rather scarce article of diet. One may reasonably believe that in an earlier period butter seldom found its way into the diet of the under-privileged the world over. It is equally reasonable to assume that, knowing on the one hand the desirability of having butter and the pleasure to be found in a butter spread for bread, and on the other hand the difficulty of procuring it, people's minds turned to substitutes. So we have had butterine and oleomargarine. To this day in some rural districts, in the very places where cream is produced, you will find people spreading their bread with beef dripping, pork dripping, lard and other animal fats, and shipping their cream to market.

Very great strides have been made in the production and perfection of butter substitutes, especially of oleomargarine; and sensing that it would come into regular competition with and perhaps become a serious threat to the sale of butter, the dairy industry back in the past prevailed upon the powers of the day to forbid the manufacture, importation or sale of oleomargarine in this country. So here we are with the government of Canada forbidding people to make or purchase oleomargarine, the best and only commercial butter substitute, when many of the very people who are so forbidden cannot afford to purchase butter and are thereby forced to go without a spread for their bread.

Nor is there likely to be any improvement, for the truth is that on the basis of present-day costs and the price of fodder, feed and labour, butter can barely be economically produced for the fantastic price of 70 cents a pound at which it is now selling. The whole business is farcical and absurd.

Honourable senators, one may state, I trust, what one believes to be true; and it is my opinion that with present costs and present prices the production of cream for butter in this country is not economically sound. I believe that if the cream producers are to meet expenses and get anything for their labour, they must receive a bigger price for cream than they are now getting. I would not pretend to be an authority, but I have tried to do that very thing myself, and have found it impossible; and if there is no prospect of cheaper butter, what hope is there, unless this bill is passed, of a bread spread for the very large number of less-privileged persons?

Like the two previous speakers, I have kept a dairy herd, although on a less extensive scale. From my knowledge of the matter I would repeat what has been said so often in this house, that the best price is paid for fluid milk. For the next grade of milk, which we call surplus milk, the price is at least $1 per hundred pounds less than is paid for fluid milk, which is certified contract milk. The milk from which cream is taken off for butter is very much lower in price than whole fluid milk.

Reference was made by the last speaker to the great rise in the consumption of fluid milk during the last few years. The cry constantly is for fluid milk. All the milk produced in Canada could be used as fluid milk, if it came from certified barns. But that is not the case at present. The supplies for the manufacture of butter come largely from small barns all over the country which do not fulfil the health regulations. We shall not do the butter industry any harm if we permit the

consumption of oleomargarine. We just do not produce enough cream from the uncertified barns in this country to supply the amount of butter required; and if we cannot have sufficient butter, let us provide for those who cannot get it something by way of a substitute.

I am wholly and heartily in favour of this bill.

On motion of Hon. Mr. Lesage the debate was adjourned.

WAR SERVICE GRANTS BILL

COMMONS AMENDMENT REFERRED TO COMMITTEE

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill H, an Act to amend the War Service Grants Act, 1944.

Hon. WISHART McL. ROBERTSON: Honourable senators, the purpose of this bill, which was originally introduced in the Senate, is to provide for the abolition of the five man board of review which hears the cases of dishonourably discharged servicemen and decides to what extent it can recommend payments of gratuities and re-establishment credits by reason of mitigating circumstances. As the work of this board is being lessened, it was felt that the minister, whenever the volume of cases to be heard justifies such a move, should be able to transfer the remaining duties of the board to a single reviewing officer.

In the other place the Minister of Veterans Affairs agreed to the suggestion that, when the present board of review has been abolished, cases remaining to be heard might be put before a committee of at least three senior officers of the department instead of being handled by a single officer specially employed for this work. As a matter of fact, I believe it was the honourable leader of the opposition (Hon. Mr. Haig) who made the original suggestion, when the bill was being considered; and his idea is contained in the House of Commons amendment now before us.

The amendment has two advantages. First, the power to decide these cases will continue to be vested in more than one man, which is desirable from a judicial point of view. Secondly there will be no need to create a special position or salary. If there is any further information required in connection with this amendment I should be pleased to have it sent back to the committee which originally considered the bill. However, in view of the explanation given, honourable senators might agree to my now moving concurrence in this amendment.

Hon. Mr. LEGER: Honourable senators, I do not know that the amendment is aptly worded. It reads as follows:

> a Committee of at least three officers of the Department of Veterans Affairs who shall exercise and perform such powers, duties and functions in accordance with rules of procedure to be made by the Governor in Council.

It seems to me that if no rules of procedure are made, the committee cannot exercise any function. The committee is to exercise only such powers and functions as are in accordance with the rules of procedure to be made. I do not know whether I am legally right, but I should have preferred the words "as may be" instead of the words "to be". That form would be less restrictive. I am not opposed, however, to the principle of the amendment at all.

Right Hon. Mr. MACKENZIE: Honourable senators, the legal point raised by my honourable friend from L'Acadie (Hon. Mr. Leger) is well taken, but I think the construction of the language is intended to meet special cases that may arise. I had the honour in other days of introducing and of having much to do with the formulation of the original legislation, and I may say at once that excellent work has been carried out under its provisions. Naturally the number of cases to be heard is being greatly reduced. As I understand it, the purpose of the amendment suggested in the other place is to avoid giving too much power to any one individual, and to enable a committee to carry on, as suggested by my honourable friend the leader of the opposition (Hon. Mr. Haig). I think the point raised by my honourable friend from L'Acadie can be met as cases arise.

Hon. Mr. HAIG: Would you like the amendment to go to committee?

Right Hon. Mr. MACKENZIE: I do not think that is necessary.

Hon. Mr. ROBERTSON: I had intended, if any question was raised on the matter, to refer it to committee.

Hon. Mr. LEGER: I am not insisting upon that.

Hon. Mr. ROBERTSON: As this question has been raised, I would move that the amendment be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

EXPORT AND IMPORT PERMITS BILL

COMMONS AMENDMENTS—REFERRED TO COMMITTEE

The Senate proceeded to consideration of amendments made by the House of Commons to Bill U-3, an Act to amend the Export and Import Permits Act.

Hon. W. McL. ROBERTSON: Honourable senators, these are the amendments to which I referred yesterday. They have been printed in our proceedings at page 235. They arise out of circumstances which have occurred since the bill was passed by the Senate, and I move they now be referred to the Standing Committee on Banking and Commerce for consideration.

The motion was agreed to.

EXPORT CREDITS INSURANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 197, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, the purpose of this bill is to increase the effectiveness of the Export Credits Insurance Corporation by providing the means whereby, under special conditions, insurance contracts up to an additional $100 million can be underwritten by the corporation.

Honourable senators will recall that the Export Credits Insurance Act was introduced in 1944 as a means of strengthening Canada's post-war trade in the face of widespread economic dislocation. One part of the Act provided for loans to foreign governments and agencies, and the other provided for insurance coverage for the private exporter against various risks of a political nature, which no ordinary insurance company would give.

The Canadian exporter who attempts to sell his goods in the world markets of today meets a host of unpredictable risks which are beyond the normal credit risks involved in all trade. Most countries to which the Canadian exporter is trying to sell his goods are in serious balance-of-payment difficulties. Many of them are politically unstable. The Canadian exporter may at any time find himself facing serious losses because of new restrictions imposed by a foreign government owing to cancellation of import licences or fluctuations in the value of foreign currencies. Private insurance companies have been unwilling to underwrite risks of this nature, and without such coverage much valuable export business would be lost.

To meet this situation the Export Credits insurance scheme was set up. It was modelled on a similar plan which had been in operation in the United Kingdom since 1920. On December 31, 1947, the current policies of the corporation covered an estimated export volume of $44,500,000, which was double the amount covered on the same day of the previous year. The risks covered by these policies were all uninsurable through ordinary commercial channels. The corporation does not compete with private enterprise. It sets its rates on the basis of a careful study of the risks involved, carrying on its business in accordance with the well-established methods of insurance. One of its basic principles is the distribution of its risks over as wide a range of countries, commodities, exporters, and contracts as possible. In this way the premium rate can be kept down. In 1947, out of 170 policies 150 were for general commodities sold on short-term credits, and 20 were capital-goods policies of short to medium terms. The corporation insured shipments to more than seventy countries.

The corporation operates on a self-supporting basis, neither attempting to make a profit nor to subsidize exports. Losses have been negligible because of the favourable credit conditions of the last three years, and an underwriting reserve of $584,000 has been accumulated from the excess of income over expenditure

I have dealt at some length with the operation of the Export Credits Insurance Act because the object of this amendment is to extend and increase its usefulness. Under the present Act the corporation can take on liabilities up to a maximum of ten times its $10 million paid-up capital and surplus. The proposed amendment would permit the corporation to issue contracts involving liabilities up to another $100 million, in addition to the present maximum liability of $100 million. Contracts issued under this new section, however, must fulfil two conditions: they must be considered to be in the national interest, and they must be of a size not normally underwritten by the corporation, with its present powers. In the past the corporation has had to turn down several requests for policies ranging in value from $5 million to $35 million, on the ground that to accept them would involve too great a concentration of risk in one particular contract. One example is the proposed shipment of $35 million worth of aircraft to the United Kingdom by Canada. A number of such policies involving large amounts are related to important national policies and are dependent on balance-of-payment problems, over which neither buyer nor seller has any control. With Canada no longer in a position to extend credits to other nations on the same scale as before, the amendment will replace some of the protection that was inherent in our export credits policy.

Without this amendment, Canadian firms would not be in a position to compete for much important export business with firms in other countries whose governments do extend such protection. The amendment will

thus be of considerable value to private business in this country and to the furtherance of important national policies. Losses on any of these policies will be paid out of the Consolidated Revenue Fund, when approved by the Governor in Council, and the details of such policies will be tabled for scrutiny by parliament.

Honourable senators will probably require a good deal of further information, and I am quite willing to have a reference to the appropriate committee.

Hon. Mr. ASELTINE: Would the passing of this bill mean that we are going to give away a lot more money?

Hon. Mr. ROBERTSON: That certainly is not the intention. The experience up to the present time has been very favourable.

Hon. Mr. ASELTINE: It looks to me as though the bill would result in our giving away a lot more money.

Hon. Mr. ROBERTSON: As this is an insurance measure, I suppose it contemplates some losses; but up to the present the corporation has made a favourable showing.

Hon. Mr. ASELTINE: Can the leader tell us what losses have been incurred up to the present?

Hon. Mr. ROBERTSON: I am speaking from memory, but I think the minister said in another place that the insurance carried at December 31, 1947, was $44,000,000, which was twice the figure of the year before. Of course, the total amount of the risks being carried fluctuates continually. In proportion to the whole business the losses have been negligible, I believe in the neighbourhood of $18,000, and an underwriting reserve of $584,000 has been set up.

Hon. Mr. ASELTINE: Is it intended to refer the bill to a committee?

Hon. Mr. ROBERTSON: Yes.

Hon. Mr. LAMBERT: Can the honourable leader tell us how long this Act has been in force? I think it is just one year.

Hon. Mr. ROBERTSON: No; longer than that. It was passed in 1944.

Hon. Mr. LAMBERT: Am I right in assuming that the Act is under the direction of the Canadian Commercial Corporation, which is identified with the Department of Trade and Commerce?

Hon. Mr. ROBERTSON: I think so.

Hon. Mr. LAMBERT: Can the leader indicate what are the functions of the Canadian Commercial Corporation, in addition to examining and granting applications for export insurance?

Hon. Mr. ROBERTSON: That is a very pertinent question, and I am sorry that the information is not at hand. There will no doubt be a number of other questions as to past operations and contemplated future expansion, and these points could be cleared up in committee by the minister or departmental officials.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

APPOINTMENT OF COMMITTEE

The Senate proceeded to consideration of a message from the House of Commons:

Resolved, That it is expedient to appoint a joint committee of both house of parliament to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the United Nations may best be implemented;

And, in particular in the light of the provisions contained in the charter of the United Nations, and the establishment by the Economic and Social Council thereof of a Commission on Human Rights, what is the legal and constitutional situation in Canada with respect to such rights, and what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for the observance of human rights and fundamental freedoms;

And that Messrs. Beaudoin, Breithaupt, Cournoyer, Croll, Dechene, Diefenbaker, Fournier (Maisonneuve-Rosemont), Fulton, Hackett, Hansell, Harkness, Hazen, Herridge, Ilsley, LaCroix, Macdonnell (Muskoka-Ontario), Marier, Marquis, Michaud, Massey, Miller, Probe, Rinfret, Robinson (Simcoe East), Smith (York North), Stewart (Winnipeg North), Stuart (Charlotte), Whitman, Zaplitny be members of such committee, as far as the interests of this house are concerned.

That the committee shall have power to recommend (a) that there be referred to the Supreme Court of Canada such questions as in the opinion of the committee are necessary to determine to what extent the preservation of the fundamental freedoms of religion, speech, press and assembly, and the maintenance of the constitutional safeguards of the individual, are matters of federal jurisdiction; or (b) that there be referred to the Supreme Court of Canada a draft Bill of Rights, containing such provisions as in the opinion of the committee should be included therein, to determine whether or not it is within the powers of the federal parliament to enact such a Bill of Rights for the Canadian people.

That the committee shall have power to send for persons, papers, and records and to report to the house from time to time.

That a message be sent to the Senate requesting that house to unite with this house for the above purpose, and select, if the Senate deems advisable, some of its members to act on the said proposed joint committee.

Hon. WISHART McL. ROBERTSON: Honourable senators, I move:

That the Senate do unite with the House of Commons in the appointment of a joint committee of both houses of parliament to consider the question of human rights and fundamental freedoms, and the manner in which those obligations, accepted by all members of the United Nations, may best be implemented;

And, in particular, in the light of the provisions contained in the charter of the United Nations, and the establishment by the Economic and Social Council thereof of a Commission on Human Rights, what is the legal and constitutional situation in Canada with respect to such rights, and what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for the observance of human rights and fundamental freedoms;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators: Ballantyne, Bouffard, Burchill, Crerar, Fallis, Gouin, Horner, Leger, McDonald (Kings), Roebuck, Turgeon and Wilson.

That the committee shall have power to recommend (a) that there be referred to the Supreme Court of Canada such questions as in the opinion of the committee are necessary to determine to what extent the preservation of the fundamental freedoms of religion, speech, press and assembly, and the maintenance of the constitutional safeguards of the individual, are matters of federal jurisdiction; or (b) that there be referred to the Supreme Court of Canada a draft Bill of Rights, containing such provisions as in the opinion of the committee should be included therein, to determine whether or not it is within the powers of the federal parliament to enact such a Bill of Rights for the Canadian people.

That the committee shall have power to send for persons, papers and records, and to report to the Senate from time to time.

That a message be sent to the House of Commons to inform that house accordingly.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX A

Milk production and utilization in Canada, 1935, 1940 and 1945 to 1947
(In thousands of pounds)

1935	14,572,026
1940	15,999,256
1945	17,626,772
1946	16,955,553
1947	17,213,987

APPENDIX B

Table 2—Percentage of milk utilized in relation to total milk production based on Canada totals, 1935, 1940 and 1945 to 1947

Classification of Products	1935	1940	1945	1946	1947
I. Used in Manufacture	64·15	64·81	63·01	59·87	61·06
(A) Factory Products	48·41	52·42	55·88	52·33	63·35
Creamery Butter	35·70	38·73	39·05	37·52	39·59
Factory Cheese	7·72	10·18	11·93	9·79	7·94
Concentrated Milk Products	1·28	2·43	3·57	3·68	3·87
Ice Cream	0·71	1·08	1·33	1·34	1·95
(B) Farm-made Products	15·74	12·39	7·13	7·54	7·71
Dairy Butter	15·66	12·33	7·08	7·49	7·66
Farm-made Cheese	0·08	0·06	0·05	0·05	0·05
II Milk Otherwise Used	35·85	35·19	36·99	40·13	38·94
(A) Fluid Sales	19·03	18·86	22·74	25·09	24·18
(B) Farm-Home Consumed	11·37	11·31	9·74	10·26	10·01
(C) Fed to Live Stock	5·45	5·02	4·51	4·78	4·75
Total Milk Production	100·0	100·0	100·0	100·0	100·0

THE SENATE

Wednesday, April 21, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

RAILWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 201, an Act to amend the Railway Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

VOCATIONAL TRAINING CO-ORDINATION BILL

FIRST READING

A message was received from the House of Commons with Bill 202, an Act to amend The Vocational Training Co-ordination Act, 1942

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

TARIFFS AND TRADE

REPORT OF COMMITTEE

Hon. W. D. EULER presented the report of the Standing Committee on Canadian Trade Relations.

The report was read by the Clerk Assistant as follows:

1. Your committee have in obedience to the order of reference of 15th December, 1947, considered the subject matter of the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom.

2. Your committee have heard the following witnesses:—

Mr. H. B. McKinnon, Chairman, Tariff Board.

Mr. J. J. Deutsch, Director of Economic Relations, Department of Finance.

Mr. H. R. Kemp, Director of Commercial Relations Division, Department of Trade and Commerce.

Dr. A. E. Richards, Economist, Department of Agriculture.

Mr. G. C. Cowper, Chief of the Foreign Tariff Section, Department of Trade and Commerce.

Mr. Louis Couillard, Commercial Relations, Trade and Commerce.

3. Your committee submit herewith a copy of the evidence adduced before the committee.

The Hon. the SPEAKER: What is your pleasure with regard to this report?

Hon. Mr. ROBERTSON: I would move that the report be tabled.

The motion was agreed to, and the report was tabled.

NOTICE OF SUBSTITUTE MOTIONS

Hon. WISHART McL. ROBERTSON: Honourable senators, you will perhaps recall that some time ago I intimated that at a future date I would ask the Senate to consider a motion which would divide into two parts the resolution in respect of the Geneva trade agreements. Honourable senators will remember that such was the procedure in the other house, and that in response to a question by the honourable leader of the opposition (Hon. Mr. Haig) I undertook to follow the same course in this house.

I consequently give notice of these two motions, which I shall move tomorrow:

That it is expedient that parliament do approve the general agreement on tariffs and trade, including the protocol of provisional application thereof, annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

That it is expedient that parliament do approve the complementary agreement of October 30, 1947, between Canada and the United Kingdom relating to the general agreement on tariffs and trade; and that the Senate do approve the the same, subject to the legislation required in order to give effect to the provisions thereof.

The point is that one motion has to do with the agreement between Canada and the United States, and the other with the agreement between Canada and the United Kingdom.

THE PRIME MINISTER

FELICITATIONS ON LENGTH OF TERM IN OFFICE

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I feel that members of the Senate, particularly on this side of the house, would like me to make a brief reference to the fact that today is an occasion on which the Prime Minister achieves a very distinguished record in length of service.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: Today he establishes an all time record for length of service as Prime Minister of a British self-governing country. That is a very notable achievement and one deserving of high honour. I am not speaking in any sense from a party point of view. The achievement is particularly outstanding in a country like Canada, with its many great and diverse interests which, as honourable senators know, make so heavy a demand upon those in public office. I am sure I speak on behalf of all honourable senators on this side of the house and—I repeat that I am not saying this in any partisan way—when I extend to the Prime Minister our congratulations and our sincere wishes that the years which lie ahead of him may be pleasant, happy and successful.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: As leader of His Majesty's opposition in this house, I have great pleasure in rising to support the remarks of the government leader. I appreciate being a member of the Senate at the time when Mr. King attains the distinction, so far as history shows, of having held the office of Prime Minister longer than any other person in the British Empire. Whether that record has been exceeded outside the British Empire I do not know.

Without in the slightest detracting from what I have said, I want to add one or two words. After felicitations were offered to the Prime Minister last year, I gave a little thought to the question of length of service by public men, and I found that in Nova Scotia, one of our democratic provinces, the Honourable Mr. Murray held the office of Premier continuously from 1896 until 1922.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I looked a little further and I found that the Honourable Mr. Mowat was continuously Premier of Ontario from 1872 until 1896, when he resigned to become a member of the Laurier government. During those twenty-four years he never suffered a defeat. Not wishing my own province to be outdone by either Nova Scotia or Ontario, I naturally turn to the province of Manitoba, where a gentleman by the name of John Bracken held the office of Premier continuously for twenty years and six months without defeat. Knowing something about the opposition in that province, I can say quite candidly that Mr. Bracken had to win by any means at his disposal.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: I am happy to join with the honourable members of this house in wishing Mr. King all good health and happiness during the remainder of his life. It is my understanding that he intends to resign early this summer, and I would not do anything to either encourage or discourage him in that intention. I join with Mr. MacNicol, who spoke recently in the other place, in expressing the hope that the Prime Minister will write his memoirs. Had such men as Sir John A. Macdonald, Sir Wilfrid Laurier and Sir Robert Borden left written records of their memoirs, they would have been a magnificent contribution to the history of Canada. I hope that Mr. Mackenzie King will be spared many years in which to write of his experiences during his term of office, so that the historians of a hundred years hence may know something of the thoughts and actions of the people of this day.

Hon. CYRILLE VAILLANCOURT (Translation): Honourable senators, may I join in congratulating the right honourable the Prime Minister of this country, who has juts established an all time record.

I endorse the wishes and congratulations expressed by my colleagues, but I wish also to tell the youth of Canada—and I consider that we in this Chamber are still young—that one can be old at twenty or young at eighty; depending on the hope with which we face the future.

In view of the work which Mr. King has accomplished and the great services which he has rendered to his country, though his point of view may not be shared by all, it can be truly said that Canada has remained faithful to her ideals. Here in Canada we enjoy freedom; we are under no compulsion. We owe this privilege to our economic system and our basic laws; and Mr. King is one of those who contributed most to the maintenance of those laws.

I remember, when he was much younger than he is today and when he was Deputy Minister of Labour, the interest that he took

in a movement which was and still is particularly dear to me—the co-operative movement. He understood that there was no compulsion in this co-operative organization, but, on the contrary, the greatest freedom; that through this movement everyone could develop his initiative, his effort and his work in order to achieve something in co-operation with his fellow-citizens and all those who wished to contribute to the greatness and prosperity of the nation.

Mr. King has remained faithful to this ideal; and I hope that his example will be followed by others—an example of hard work, fair play and nobility of mind.

DAIRY INDUSTRY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. Mr. LESAGE: Yesterday I moved the adjournment of the debate to enable my colleague the honourable senator from Grandville (Hon. Mr. Bouffard) to speak on the measure, as I knew he would be here today. With permission, I will waive my right to speak now.

The Hon. the SPEAKER: There has been some misunderstanding regarding the right of the honourable senator to speak. I believe that the honourable senator from Leeds (Hon. Mr. Hardy) intimated yesterday that he had no objection to the honourable senator from Grandville (Hon. Mr. Bouffard) speaking at this time; and, with leave of the Senate, he may speak now.

Some Hon. SENATORS: Agreed.

Hon. Mr. HARDY: I have no objections.

Hon. P. H. BOUFFARD: Honourable senators, I have listened with great attention to the arguments presented by most of the honourable senators who have spoken in the debate on this bill. There were a few whom I did not hear, because I was absent. All those who have spoken deserve warm congratulations upon the research they have made into this matter and the able way in which they have presented their respective points of view.

If one looks into the history of margarine, he finds that the product was first introduced as food in Europe and in the United States as long ago as the time of confederation. The first Canadian legislation with respect to it was passed, I believe, in 1866, when by 49 Victoria, Chapter 4, the sale and importation of margarine in Canada was prohibited.

Hon. Mr. EULER: Is that not 1886?

Hon. Mr. BOUFFARD: I beg your pardon, it is 1886. This prohibitory law remained in force until 1917, when the importation, manufacture and sale of margarine was again permitted. In 1923, five years afterwards, the importation of margarine was again prohibited; and in 1924, one year later, the sale and manufacture of margarine in Canada were also prohibited; and this statute has remained in force since that time. That is to say, the prohibition of importation, manufacture and sale of margarine in Canada has lasted for a period of over sixty years. Taking for granted that margarine was not at all times as good a food as it is today, I nevertheless conclude that if it has been prohibited for so long a period it is because, for some reason, the dairy industry had to be protected in this respect.

Today 350,000 farms in this country are participating in the dairy industry. In 1900, approximately 36,000,000 pounds of butter were manufactured in Canada. Today the annual production, in 1200 factories is approximately 400 million pounds, and the value of the industry to this country is almost $400 million per year, or about as much as that of the pulp and paper industry, more than that of the mining industry, and much more than that of the fishing industry. It is evident, therefore, that butter is one of our most important manufactures, and it is produced all over the country in a very large number of factories.

Butter accounts for 8 billion pounds of milk, and its manufacture provides our farmers with a steady market for the large surplus of milk which they produce in the summer time. In the various stages of manufacture and transportation, the industry provides employment to many persons, and it distributes hundreds of thousands of dollars in wages. It is also of great assistance to the hog-raising business, and gives our farmers a large measure of financial stability. It is my impression, and that of many others, that butter production is one of the most important industries which has developed in Canada, and one fully deserving encouragement and stabilization.

Coming from a city, but having lived for a long time in the country, my mind was open to conviction that the bill now before the house should be adopted. To my liberal way of thinking the ban on the importation of margarine is wrong. But though I do not like customs duties or excise taxes, I hold that, in view of the protection we have always given to practically all Canadian industries, we

should not pass legislation which will leave one of the greatest of them without a cent of protection.

The most striking arguments presented last year and this year by the honourable senator from Waterloo (Hon. Mr. Euler) are that the right of our citizens to choose the product they will buy, and the right to purchase it at the lowest possible price, are part of the freedom to which all citizens are entitled; and that therefore they should be free to take advantage of a product which would cost them less than butter.

Well, honourable senators, if this is the freedom to which our citizens are entitled, the policies of all governments which have been in power since confederation have been far from attaining that goal. Because of prohibitory measures, of customs duties and of excise taxes, it has been impossible for our citizens as consumers to purchase the products they wanted at the cheapest possible price. Some imports have been wholly barred; as regards others, conditions of purchase have been rendered so onerous as to be equivalent to a total prohibition. In the whole field of necessities, our citizens have had to purchase local products at prices which were in excess of the prices of similar products manufactured outside Canada. Such freedom would, as a matter of fact, mean free trade, and would be in direct opposition to the policy which should be followed by a young country that is endeavouring to develop its own natural resources, and is inviting industrial development in its midst. It would be absolutely opposed to the policy that has been followed in order to attract industrial growth and invite investment capital to this country. I do not believe that freedom consists in allowing free trade in Canada; nor do I believe that the liberty of the citizen is linked to the free importation into or manufacture in Canada of any product which will ruin and destroy one of our most important industries. I do not believe that freedom consists in legislation that would endanger the industrial development of Canada.

If freedom means that every Canadian should be able to purchase in Canada all he needs or wants at the lowest possible price, why not abolish customs duties and excise taxes? From the beginning Canada, as a young country, has carried out the policy of encouraging industrial development. It has attracted industries and encouraged industrial growth under a system of duties and taxes. It has given investors in industry adequate protection until such time as their products can compete with similar products manufactured elsewhere. In fairness we owe that protection to such investments and industries.

Some hon. SENATORS: Hear, hear.

Hon. Mr. BOUFFARD: I know that some of my good friends are thinking that I am rather on the Conservative side.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. BOUFFARD: But I certainly would not want to be quoted—

Hon. Mr. HAIG: You will be quoted.

Hon. Mr. BOUFFARD: Yes, but wait a minute. I certainly would not want to be quoted as saying that the system of customs duties is only adequate to the necessities of the industries protected.

Hon. Mr. ASELTINE: What does that mean?

Hon. Mr. BOUFFARD: I believe that in many cases the protection is too great, and far from being just adequate.

In many cases it is more than sufficient to adequately protect some of our industries. I still feel, however, that the policy of protection by tariffs and customs duties and excise taxes, such as has been maintained for more than a century in Canada, remains at the present time the correct policy, provided that it is properly controlled.

The commodities which are manufactured or produced in Canada are practically all protected by duties and taxes. For example, the automobile industry is not only protected by heavy customs duties and excise taxes, but it is protected by a prohibition against the importation of used cars and trucks from the United States. Such a prohibition has existed since 1931, being established by a Conservative regime and maintained by a Liberal one—even while my honourable friend from Waterloo (Hon. Mr. Euler) was a minister in the government.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: May I ask the honourable senator a question? Is he in favour of protection within Canada against a Canadian manufacturer or competitor? That is what he is asking for.

Hon. Mr. BOUFFARD: I am going to answer my honourable friend in a very short time. An explanation is coming.

Hon. Mr. EULER: It is coming a little later?

Hon. Mr. BOUFFARD: Yes. The protection given to the automobile industry is such that

purchasers of motor vehicles in Canada have to pay about twice as much for them as they would if there was no protection at all.

Hon. Mr. EULER: But automobiles are made in Canada.

Hon. Mr. BOUFFARD: If freedom means that Canadians are to be enabled to purchase what they need or want at the lowest possible price, the principle should apply to automobiles, trucks and buses as well as to substitutes for butter. It may be said that all automobiles, trucks and buses manufactured and sold in Canada are luxury goods. I do not believe for a moment that they are. These vehicles are essential to our great transport systems, and to all men who use them in their various businesses in order to earn a living. If we agree that it is justifiable to protect the automoble industry, should we not agree that it is just as proper to protect the important dairy industry?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOUFFARD: Honourable senators, let us refer to the textile and clothing industry. No one will doubt that clothing is an essential commodity which every Canadian citizen needs. The clothing and textile industry has always been heavily protected by the imposition of duties and taxes. Nobody will argue that if the duties were removed the price of clothing and textiles would not greatly decrease. I am told that bed sheets of a certain quality cost $18 in Canada as compared with $8 in the United States. Who will deny that sheets are an essential commodity?

Honourable senators, so long as our farmers have to pay for the duty on commodities manufactured by other industries—commodities the farmers need—then I say that they are entitled to proper and adequate protection for their own important industry.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOUFFARD: Canada has protected the fruit growers in the past, and has also decided to protect the tobacco industry. In fact, I do not think there is any Canadian industry which has not been protected. Someone asks about the lumber industry. It too is heavily protected.

Nobody even thinks or dreams of free trade legislation in Canada. If legislation were passed abolishing most of the customs duties imposed upon essential commodities, these commodities could be sold here at lower prices, but the majority of our people would be in a state of calamity by reason of losing the jobs they are at present enjoying. Investors would lose the greater part of the capital that they have invested, and thousands of workmen would be on the street. Our great working class would be the first to absolutely oppose such a policy, which would throw Canada into disaster and ruin. If the workers of Canada are secure in the jobs they hold, their security in many cases is the consequence of duties and taxes imposed upon goods for the purpose of protecting the industries in which the workers are employed. I am sure they would not even think of opposing adequate and proper protection for the dairy industry, which they need and which I am sure they respect.

Hon. Mr. EULER: But they want margarine.

Hon. Mr. BOUFFARD: I am coming to that in a short time.

Hon. Mr. EULER: You have said that twice.

Hon. Mr. BOUFFARD: They are not the only ones who want things that cannot be got. I would like to be able to buy an automobile and clothing at American prices, and so would the farmers.

Hon. Mr. EULER: But these things can be bought in Canada.

Hon. Mr. BOUFFARD: Nobody can manufacture margarine in Canada, though, without importing the necessary ingredients.

Hon. Mr. EULER: Nonsense.

Hon. Mr. BOUFFARD: I am sure that departmental officials are correct in stating that it is not possible at present to manufacture margarine unless we import most of the necessary materials.

Hon. Mr. EULER: There is no authority whatever for that statement.

Hon. Mr. BOUFFARD: There is authority, and as a matter of fact many people are coming to that point of view. We have not got the fats and oils necessary for the manufacture of margarine, and if we do import fats and oils in order to manufacture margarine, our allocation of fats and oils for other purposes will be decreased. The Food Advisory Council has allocated a quota of fats and oils to Canada, and that quota is only sufficient for about half our requirements.

Hon. Mr. EULER: We have heard that story a thousand times.

Hon. Mr. BOUFFARD: I was saying that I am sure the workers of Canada would not think of opposing adequate and proper protection for the dairy industry, which they need and respect. They would not think of refusing the farmers the protection to which they are entitled, any more than the farmers would deny workers the protection they require for

their jobs. All classes of our population need one another. No class, especially the working class, would oppose adequate protection for the farmers. The workers know that because of the protection given to our industries farmers pay higher prices for products manufactured in Canada. Our protection policy should apply to all classes. So long as farmers have to pay taxes and customs duties on the goods they buy, they are entitled to protection on the commodities that they themselves produce.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOUFFARD: Somebody may say that margarine is a product which could be manufactured with materials entirely produced in Canada. It will be a long time before that is so.

Hon. Mr. EULER: Why?

Hon. Mr. BOUFFARD: As I have already remarked, oils and fats are still under the control of the Food Advisory Council, which allocates a quota to Canada. Our country can secure only approximately one-half the quantity of oils and fats needed here for shortening and various other foods, the canning industry and soap. Any excess in the production of fats and oils in Canada would mean a decrease in our import allocation, and it will be some years before we can use the fats and oils necessary for the manufacture of margarine. I say that until the time comes when Canada can use fats and oils in sufficient quantity for the production of margarine, it would be a crime to open our market to a foreign product or to a product made from fats and oils from outside, without due and adequate protection of our butter that is manufactured entirely in Canada.

Somebody may say that our butter sells at a high price. No one, however, has suggested that it is selling at a price higher than is necessary for proper maintenance of the industry. The cost of feed for cattle has increased tremendously; the price of butter-producing machinery has gone up, and labour is nearly twice as costly as it was some years ago. Transport and storage costs also are higher than they were. As a necessary sequence, butter sells at a higher figure, but, as I have just said, it is not higher than it should be.

Hon. Mr. QUINN: Why can we not get more butter?

Hon. Mr. BOUFFARD: If one looks into the prices of other commodities, such as automobiles, textiles, clothing, shoes, wool, linen, tobacco, alcohol, lumber, paper, and so on, he finds that they are all much higher than they were some years ago, and that some of them have increased by a much higher percentage than butter prices have. Shall we remove duties upon all these articles in order that consumers may have the advantage of purchasing them at lower prices? If so, let us deal with them all at the same time and not give farmers the impression that they will remain the only industrial class without protection.

It may be said that butter is scarce. In fact, a good many people say that.

Hon. Mr. EULER: And it is true.

Hon. Mr. BOUFFARD: But no one will say that our dairy industry does not produce as much butter as is necessary for consumption in Canada.

Hon. Mr. HOWDEN: Why is it scarce, then?

Hon. Mr. HORNER: Because it is exported.

Hon. Mr. BOUFFARD: Some of it is exported.

Hon. Mr. EULER: Not much.

Hon. Mr. BOUFFARD: Besides, at this time of year butter is usually scarce, and in the past we have imported a little to make up for the shortage. Why are we not importing any now from New Zealand? Because we do not want to deprive England and other European countries of the small but badly needed quantities that they are getting from there. It is not so long ago that we were importing butter from New Zealand. I remember one election fought on that question.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. BOUFFARD: And, I would say, with tremendous success.

The inquiry now being held into prices has revealed the fact that a tremendous quantity of butter is in storage. I think the scarcity of this commodity can be easily relieved, if the government will look into its distribution and storage. Because butter is a little scarce during a part of the year is no reason for bringing in a competitive product for the whole year. This is not the first time that butter has been scarce.

Hon. Mr. EULER: And it is not the last time.

Hon. Mr. BOUFFARD: It might be the last time, if we would look into the question of storage and prevent jewellers from giving a pound of butter with every five-dollar purchase.

The campaign that has been under way during the past three or four years is just pro-

paganda. It does not go to the root of the problem. Would it be reasonable, for the sake of overcoming a butter scarcity lasting one month—when the average yearly consumption per person is twenty-eight pounds—to bring in during the other eleven months of the year a foreign product in competition with the highly developed dairy industry?

I cannot be convinced of the wisdom of passing legislation to permit the import of margarine without proper import duties being imposed upon the ingredients to be used in its manufacture. My honourable friend from Waterloo (Hon. Mr. Euler) believes that we can manufacture margarine in Canada from products entirely produced in this country. I would not want to say that my friend is wrong, but I am told that he is.

Hon. Mr. EULER: And you do not choose to believe me?

Hon. Mr. BOUFFARD: My friend may be right, and he may be wrong, but I believe that before legislation of this kind is enacted we must be convinced that the ingredients that go into the commodity can be entirely produced in Canada.

Hon. Mr. EULER: I do not like to interrupt, but may I ask a question? Would my friend believe it if he were told by the Research Council of Canada?

Hon. Mr. BOUFFARD: I would certainly believe the Research Council of Canada. But I repeat that before we deal with the question of margarine there should be an imposition of taxes and duties on the ingredients that are to be imported into Canada. In that way I would be sure that margarine would not be sold in Canada in competition with butter, unless the proper duties and taxes had been paid. I would have no objection to margarine being manufactured in Canada from materials produced in Canada. Without such an assurance, however, I am not satisfied that legislation should be passed permitting the sale of margarine. What I object to is that the farmers of Canada, who have built up an industry almost comparable to the pulp and paper industry—which is protected—should have reason to feel that their product is not properly protected by tariffs upon the materials that would go into the manufacture of margarine.

If the legislation before us assured the farmers of the protection I ask, I would have no objection to the manufacture of margarine in Canada. But this house cannot deal with the present bill in such a manner. We cannot impose taxes and duties. For that reason I suggest to my honourable friend from Waterloo (Hon. Mr. Euler)—and I am sure this proposition will meet with the approval of other honourable senators—that we should wait until the government deals with the matter in a proper manner by imposing taxes and duties upon the materials to be used in the manufacture of margarine. That is the only way we can assure the farmers that butter will not be sold in competition with a commodity manufactured from foreign products. Clothing bought in Canada costs a good deal more by reason of taxation on the materials imported.

Hon. Mr. LAMBERT: In view of my friend's attitude towards the economic development of industry in Canada, may I ask if he would approve of an early adoption of the Geneva agreements on tariffs and trade?

Hon. Mr. BOUFFARD: I would approve of their adoption as quickly as possible, but I point out that there is nothing in the Geneva agreements which prevents the government from imposing duties on imported fats and oils for the manufacture of margarine.

Hon. Mr. EULER: That is quite true.

Hon. Mr. BOUFFARD: The Geneva agreements have declared that no country may ban margarine, but governments are not prohibited from placing duties on the ingredients.

Hon. Mr. EULER: That is not in accordance with the statement given to this chamber yesterday by the leader of the government.

Hon. Mr. ROBERTSON: I think my honourable friend should qualify his remark. He knows what I said.

Hon. Mr. EULER: Certainly, I know what was said.

Hon. Mr. BOUFFARD: I do not know what was said yesterday, but the Department of Trade and Commerce gave me the impression that there was nothing in the Geneva agreements which would prevent the government from imposing duties on margarine and margarine products imported into Canada.

Hon. Mr. EULER: That is quite true.

Hon. Mr. BOUFFARD: At the outset of my remarks I said that I was opposed to the ban on oleomargarine, but before the ban is repealed I want to see proper taxes and duties levied.

Since the start of the recent war, the farmers of Canada have not been allowed to sell their products to the best markets. Lately they have lost part of the subsidies on coarse grains, and they cannot yet enter the United States market with their cattle, their milk or

their cream. I feel that so long as arrangements and agreements are not effected to give our farmers the chance to sell their products on the markets of the world, we owe them a duty to protect them against any foreign competitive product.

I do not at all favour arguments which range consumers against farmers or working classes against farmers. I do not believe in the division of our Canadian citizens into classes: our policy should be to consider the interests of the Canadian people as a whole. Let us have more publicity and more education, so that every class will understand that it is the policy of the government to cater for the needs and welfare of all. How many workmen know the amount of protection necessary to maintain and develop the industries in which they work? How many know the tremendous extent of duties which everyone in Canada has to pay for the maintenance of those industries? How many consumers realize what the unrestricted importation of margarine would mean to the farmers? How many workmen, if they knew these things, would wish to deny the dairy industry the protection it needs?

Hon. Mr. HARDY: Three millions.

Hon. Mr. BOUFFARD: Three millions who do not know?

Hon. Mr. HARDY: Three million workers.

Hon. Mr. BOUFFARD: Yes, three million workmen need that protection.

Hon. Mr. HARDY: No.

Hon. Mr. BOUFFARD: I believe that of those three million workmen—

Hon. Mr. HARDY: It is the three million workmen who have to pay for the ban on margarine.

Hon. Mr. BOUFFARD: Why should 500,000 farmers have to pay for the maintenance of three million workmen? And of those three million, I am sure that two and a half million or more, if they knew the facts of the question we are dealing with, would agree that the farmer is as much entitled to protection as the workman is entitled to it in the job he holds.

Hon. Mr. HARDY: That is just a guess on your part.

Hon. Mr. BOUFFARD: We should not oppose one class to the other. Every class should be considered; and I am sure that if the farmers and the workmen were better educated concerning this matter, the present bill would be, not before this house, but in the other one, where duties could be imposed to give the farmers as much protection as is afforded to the workmen—a protection to which, I think, everyone is entitled. As recently as last week I was talking in my office with a workman who has been employed for thirty-five years in the textile industry; he had no grudge against the farmers, but he wanted margarine because he thought he could not afford to buy butter at 70 cents a pound. And he was right—

Hon. Mr. EULER: Sure he was.

Hon. Mr. BOUFFARD: He was right from his point of view, because he did not know anything about the situation. But when we had talked about the degree of protection received by the textile industry, which has permitted him to work and has enabled him to hold his job and keep a home for thirty-five years, he admitted that the farmers also were entitled to a little protection, pending the time when the markets of the world are opened to them for the sale of their cattle, their butter, their milk and their cream.

Hon. Mr. FARRIS: And their wheat.

Hon. Mr. BOUFFARD: And their wheat. This man, who had been opposed to the ban on margarine, and who did not think any duty should be imposed on the materials necessary to produce it if they came from outside Canada, left me with the definite impression that my line of thinking was the right one.

Hon. Mr. NICOL: He is intelligent.

Hon. Mr. BOUFFARD: Exactly. Canada's population is one, and the policy we should maintain should be such as all would agree with and all would favour; not one policy for the farmers and another for the working men, but a policy which would foster the industrial development of Canada without depressing the dairy industry into a lower bracket than any other industry in Canada.

Hon. Mr. ASELTINE: No discrimination.

Hon. Mr. BOUFFARD: Some people tell us that margarine would not compete with butter; but no one will convince me that if a pound of margarine could be bought at 50 cents when a pound of butter cost 70 cents, two out of three women would not buy margarine. After a five year trial period why did the Government of Canada change its policy and again prohibit the manufacture, sale or importation of margarine? And why has that policy persisted for over fifty years? It was in force for over thirty years before 1917; and no serious complaints were heard, I would say, until two or three years ago.

Hon. Mr. HOWARD: And it was the policy of different governments.

Hon. Mr. BOUFFARD: Yes. If it was a good policy at a time when less than 40,000,000 pounds of butter per year was produced, why should we change it when the manufacture of butter has risen to 400 million pounds a year, in 1,200 Canadian plants? I do not understand why this policy should be changed, unless it be because of the slight scarcity of supply which has occurred during the last month, and which if investigated will be found due, I believe, to defects of storage and distribution that could readily be corrected without the introduction of a competitive product.

Hon. Mr. HOWDEN: Will the honourable senator permit me a question? Does he think there is any connection between the present scarcity of butter and the price of butter at this time?

Hon. Mr. BOUFFARD: I do not think so. There are countries where there is no scarcity of butter, but where the present price is as high as or higher than that in Canada.

Hon. Mr. HOWDEN: I suggest to the honourable gentleman that the price of butter in this country is not high enough, and that the farmers are not getting enough for it.

Hon. Mr. BOUFFARD: That is another reason for not placing it in competition with another product. If you had competition, you would get less.

Hon. Mr. EULER: That is a conclusive argument, I must say!

Hon. Mr. NICOL: I suggest that the bill be withdrawn.

Hon. Mr. BOUFFARD: I do not want to prolong the discussion. I just wish to make myself well understood.

First, I am opposed to prohibitions, but I think this particular prohibition should not be repealed unless there is some assurance that foreign margarine, if admitted, will not compete with butter. In the second place, I am not opposed to the production of margarine in Canada if the ingredients going into it are produced here, not imported from a foreign country. In this respect, I am sure, the views of my honourable friend from Waterloo are the same as my own. He does not want to bring in products from outside which would be competitive with Canadian farm products.

Hon. Mr. EULER: We are not far apart.

Hon. Mr. BOUFFARD: No. Why not let the other house deal with this matter—I do not mean through the Sinclair bill, because that cannot settle the situation any more than the legislation before us. Let the government deal with this situation in the proper place, where they can impose taxes on materials brought into Canada for the purpose of manufacturing margarine or import duties on margarine itself. If my honourable friend would agree to that, I am sure everyone would be satisfied and would vote for this bill.

Hon. Mr. EULER: I do not wish to interrupt my honourable friend, but in all seriousness I should like to point out that he says he is quite in favour of the unrestricted manufacture of margarine within Canada. Well, we are agreed on that. He is also in favour of the importation of margarine if a proper tariff is placed against it.

Hon. Mr. HORNER: A prohibitive tariff.

Hon. Mr. EULER: That is my question. Does the honourable senator mean a prohibitive tariff or an actual working arrangement?

Hon. Mr. BOUFFARD: I refer to a tariff which would mean that margarine imported into Canada would not compete with butter any more than automobiles or textiles from the United States compete with automobiles and textiles manufactured in Canada. That is what I mean. I think we should give the farmers the same protection for their industry as we give to those interested in the automobile and textile industries in Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOUFFARD: If it means prohibition, it means prohibition. I have taken a great deal of your time—

Hon. Mr. LACASSE: Before my honourable friend sits down may I ask him if he is aware that only a few weeks ago the municipal council of his home city passed a unanimous resolution demanding the removal of the ban on margarine?

Hon. Mr. BOUFFARD: The only answer I can make to my honourable friend (Hon. Mr. Lacasse) is that they did not have the opportunity of learning of the difficulties that exist in this matter. They are not familiar with the situation. They have not been properly educated. Aside from that, however, the council of the city of Quebec can have its own view and I can have mine. If the members of that body had been properly informed of the situation they would not insist upon such a resolution. I am sure that it is only through education and knowledge that the two great classes of our country, the farmers and the workmen, can be brought together. If we owe a duty to the workmen we owe a similar duty to the farmers.

Some Hon. SENATORS: Hear, hear.

Hon. J. J. DONNELLY: Honourable senators, this is the third time that this bill has been before the house. On two previous occasions I expressed my views on the matter. I did not intend to speak on the subject today, but after listening to some of the remarks made by my honourable friend from Grandville (Hon. Mr. Bouffard), I should like to make a few brief comments.

I notice that the honourable gentleman is particularly anxious to look after the interests of the dairy farmers. I do not think any person who is supporting this bill has any desire to injure the dairy farmers. As far as I am concerned, I am only anxious to see the poor man with a low income placed in a position to purchase food which is necessary for the welfare of his little children. We know that most men with large families have small incomes, and it is to help these people that I support this bill.

As I have said, my honourable friend appears to be particularly concerned about the farmers. I do not like to be personal, but I may say that, although my principal business has been lumbering, I have had an extensive experience in farming and in livestock. I live in a section of Ontario that depends on the agricultural industry as much as any other part of this province does. I have twice voted for this bill and have argued freely with my farmer friends about the matter, and I have yet to hear one of them object to the position I take.

The dairy industry is only one part of the large and important cattle industry. At the present time the beef raisers of Canada are deprived of great profit in order that our rich as well as our poor may buy meat at a price lower than they would have to pay if the shipment of cattle to the United States were permitted. If the beef producers make that sacrifice for the good of the country, there is no reason why the dairy producers should not make a similar one. However, I really do not think that under this bill they would be making any sacrifice.

I should like to make a comment about Canadian beef producers. There is a section in Ontario, around the counties of Bruce and Middlesex, where the people are deeply interested in the beef industry. They are almost as near to the Buffalo market as they are to the Toronto market. I have not the paper with me, but in the market news in yesterday's *Globe and Mail* I read that 800-pound prime steers were selling in Buffalo last Monday for 28 cents a pound, while similar steers were selling in Toronto for 16 cents, a difference of 12 cents a pound. A man shipping a carload of 800-pound prime steers to Toronto —he would get about 25 head in a car—would receive about $3,200 less freight and expenses. In Buffalo, for the same carload he would get $5,600. In other words, by shipping his cattle to Buffalo he would get $2,400 more than he would get in Toronto—and he would be paid in American dollars, which at present we need very badly. That is an example what the beef producer is suffering in order that the people of this country may buy beef. I am merely trying to point out that the beef men are contributing much more than there is any danger of the dairymen having to contribute.

Hon. Mr. HORNER: Two wrongs do not make a right, so why rob the dairymen?

Hon. Mr. DONNELLY: I did not suggest robbing them. I think it would be for the general good of the country. I am not saying it is right, but—

Hon. Mr. HORNER: It is far from what you would expect from a government that boasts of free trade.

Hon. Mr. DONNELLY: I live in a part of the country where there is a good deal of dairying, and I do not think there is going to be any increase in the production of butter. The farmers have found it almost impossible to get help, and many of the farms have only old people living on them. In hiring help the farmers cannot compete with the wages being paid for labour in the cities, and yet there is much work to be done on these dairy farms. The dairy industry is a seven-day-a-week job —fourteen mornings and evenings. I believe that farmers will abandon the dairy industry and go into the beef cattle industry, because it does not require nearly as much labour as dairying, nor does it require the same class of buildings. You can put a hundred head of beef cattle into a barn, and they can run loose in pens as they do at the market. You do not have to look after the barn every day as you do in the dairy industry.

Honourable senators, as I said before, it was not my intention to speak on this matter but when I heard my eloquent friend from Grandville express his fear of what was going to happen to the dairy industry of this country, I thought I should say a word or two.

Hon. W. RUPERT DAVIES: Honourable senators, I have supported the proposed amendment to the Dairy Act on two occasions, and I am supporting it again. I will briefly state my reasons. In the first place, in common with a good many other Liberals and many Progressive Conservatives, I do not like monopolies, dictatorships or controls. This ban on margarine is nothing but a monopoly.

Hon. Mr. HORNER: How do you like prohibition?

Hon. Mr. DAVIES: Prohibition of what?

Hon. Mr. HORNER: Of the sale of cattle to the United States.

Hon. Mr. DAVIES: I thought you meant of liquor—and I am against that.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DAVIES: I am supporting this bill because I believe government should be for the greatest good of the greatest number. There is a tremendous demand for margarine in Canada today, as I think I shall be able to prove. The honourable senator from Grandville (Hon. Mr. Bouffard), who delivered not only an eloquent speech but the best protectionist speech that I have heard in many a long day,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVIES: —said that we had had a ban on margarine practically since 1886, and he asked why we should take away that protection from dairy farmers now. I would remind him that margarine has been sold in Great Britain continuously for the last sixty years, and that the dairy farmers of that country were never as prosperous as at present.

Hon. Mr. HORNER: Are they not subsidized by their government?

Hon. Mr. HOWARD: In every way.

Hon. Mr. DAVIES: I do not think so.

Hon. Mr. HAIG: The dairy farmers in England are subsidized.

Hon. Mr. DAVIES: To a certain extent.

Hon. Mr. HAIG: To the extent of millions.

Hon. Mr. DAVIES: The sale of margarine has never prevented the dairy farmers in that country from making money out of butter.

I want to say a few words about margarine itself. The Minister of Agriculture said—I forget where the speech was delivered—that margarine would not be good for the health of the Canadian people. I should like to place on the record part of an editorial from *The Canadian Medical Association Journal* of August, 1947. The editorial is rather long, so I shall read only the first and the last two paragraphs:

> The annual effort in parliament to permit of the sale of margarine in Canada has met with its annual defeat.

That was written after the defeat of the bill here last session.

> The political aspect of the question need not be dwelt on here, beyond expressing the hope that persistence in the advocacy of its use may have its reward. In the meanwhile the dietary or nutritive value of margarine cannot be made too clear.
>
> A typical margarine today, as made in the United States, consists of 80 per cent refined vegetable oils, together with 16·5 per cent pasteurized non-fat milk for flavour, plus small amounts of glycerin derivative to prevent spattering in frying, vegetable lecithin to prevent burning and sticking to the pan, sometimes benzoate of soda as a preservative, salt and vitamin A concentrate up to a minimum of 9,000 U.S.P. units per pound; some brands go as high as 15,000 units per pound.
>
> From the economic and nutritional aspects good margarine is superior to butter.

I wanted to have that on the record.

Hon. Mr. LEGER: Who is the author of that editorial?

Hon. Mr. HOWDEN: It is an editorial in *The Canadian Medical Association Journal*, so it is authentic.

Hon. Mr. LEGER: But who expressed that opinion?

Hon. Mr. DAVIES: I do not know. I suppose it was the editor. Would my honourable friend not accept the opinion of the editor of *The Canadian Medical Association Journal*?

Hon. Mr. LEGER: I would not accept the opinion expressed in any editorial unless I knew who the editor was.

Hon. Mr. DAVIES: I do not know who the editors of *The Canadian Medical Association Journal* are, but I take it for granted that they are able men.

The honourable senator from Grandville advocated continued protection for the dairy industry, and assumed that by lifting the ban on margarine we would do a lot of harm to dairy farmers. I do not believe that. I have an article here from the Kingston *Whig-Standard*—and I can tell my honourable friend from L'Acadie (Hon. Mr. Leger) who wrote that. It was written by one of the reporters of that paper, who I presume was sent out to learn why people were telephoning in to complain that they were able to get only half a pound of butter at a time.

Hon. Mr. LACASSE: Was that in Kingston?

Hon. Mr. DAVIES: That was in Kingston, the Limestone City. Among the persons interviewed was an official of a local dairy, who said:

> By its price policy the government cut down butter production at the start of the war and has never quit. Farmers can't get as much out of selling their milk for butter and naturally the milk goes into other channels. There will be a decided shortage until spring.

Hon. Mr. HOWDEN: Hear, hear.

Hon. Mr. DAVIES: An official of another dairy said:

> Farmers get less for butter than for any other dairy product. The milk therefore goes into

other channels—cheese, condensed milk, market milk. Until the public is willing to pay the farmer a price for butter equitable with other dairy products, there will be shortages of butter at certain times of the year.

If there is a shortage of butter and we can consume more than the producers are able to put on the market, surely the manufacture and sale of margarine would not do much harm to the dairy industry.

One remark made by the honourable gentleman from Grandville (Hon. Mr. Bouffard), with which I entirely agree, was that we should think of all the people. I say we should think not only of the 350,000 dairy farmers that there are said to be in this country, but of the thousands and thousands of men who carry dinner pails to work every day and have not enough butter to put on their bread.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVIES: Furthermore, we should think of the little children who, on coming home from school, ask—at least I know my grandchildren do—for a piece of bread and butter, which they cannot get because there is not enough butter to go around. If a wholesome substitute like margarine could be made available there would not be so much complaint about the shortage of butter.

I wish to point out that not all the dairy farmers of this country are opposed to margarine. I have here two letters written to the *Petcrborough Examiner*. One is signed "One Satisfied Farmer's Wife", and the other "Cream Shipper". I have been in the newspaper business a long time, and I know that sometimes in writing letters to papers people use *noms de plume* that are not correct. So I wrote to the editor of the *Examiner* and said, "I know you have the same policy as we have in not giving out the names of persons who send letters to the editor under assumed names, but I should be glad to know if the letter signed 'One Satisfied Farmer's Wife', which appeared on March 27, was in fact from a farmer's wife, and if the one signed 'Cream Shipper' which appeared on Saturday, April 3, was really from a shipper." In his reply he assured me that both *noms de plume* were accurate, and that the cream shipper was one of the largest shippers in the district. What the farmer's wife said in her letter was this:

> May I reply to a recent letter from "Farmer"? Everyone is weary of such complaints and, as a farmer's wife, I say it is all bunk. With butterfat at seventy-three cents, anyone who is losing money producing it had better go into other business. "Farmer" makes an imposing case for his work. It sounds like a lot, but any good milker should milk a cow in eight minutes flat. Other chores are in proportion. If "Farmer" has to churn an hour or longer, there is something wrong with his method. Twenty minutes should be the limit for good cream and a good product.
>
> "Farmer" also skirts the fact that his cow produces a calf each year, and what about the skim milk he has left? It is a most valuable feed for that calf and hogs.
>
> I'll admit that for the purchaser butter is high in price. Yet we have our side too. For years, and only a short time ago, we sold butter for twenty-five cents and then we really lost money. I use "lost" in the sense that we were unable to keep our place in repair and up to efficiency. Repairs and replacements could not be financed, but now, for the first time in a decade, we are getting on our feet. Surely there should be no objection to that. Any fair person must agree that we should have enough margin of profit to replace what is expended in the production of any commodity.
>
> As for margarine, personally I am in favour of it. If it is a good food, it should be available for use. It hasn't depressed the price of butter too much in the States. Anyway, their butter sells at a higher price than ours.

I do not wish to weary honourable senators by reading more letters, but I have another one from a cream shipper which reads as follows:

> Sir: You are to be congratulated on the stand you editorially take re the butter situation. It does seem strange why a Liberal government should enact various dictatorial laws and think they should prove popular.
>
> Good cannot come out of creating a butter monopoly, banning its rival margarine. Witness the butter shortage. Poorer classes of people deprived of a substitute. Good cannot come out of eviction control. Witness good types of people unable to obtain accommodation. People afraid to rent their rooms. All such laws have no place in a democracy.
>
> I do not know whether the dairies are making too high a profit or not. Let there be an investigation. Considering the cost of production farmers' returns are not high.
>
> I cannot understand the mentality of any farmer who would want the government to create a monopoly for him to protect his interests. He would probably be one of the first to howl if the government created a monopoly for any group of implement manufacturers.
>
> As a cream shipper, I naturally hope that butter will maintain its popularity over all substitutes. I feel it will too. I hate the word monopoly and do not want my interests protected that way.

In Ontario—and I speak only for that province—I would say that 90 per cent of the press is in favour of the removal of the ban on oleomargarine. Led by the Toronto *Globe and Mail* and the Ottawa *Citizen*, most of the papers are strongly in favour of it. While I do not agree with everything the *Globe* prints, I do read it regularly. I particularly agree with the little quotation from Junius appearing at the top of the mast-head:

> The subject who is truly loyal to the Chief Magistrate will neither advise nor submit to arbitrary measures.

The ban against oleomargarine is definitely a monopoly and an arbitrary measure.

Another paper published in the province of Ontario, and which enjoys a good reputation, is *Saturday Night*. It is a newspaper containing comments of a high literary quality, and is edited by perhaps one of the most distinguished journalists in this country, Mr. B. K. Sandwell. On April 3 last, *Saturday Night* expressed its views strongly on the question of oleomargarine, as follows:

The Senate is now thought to be likely to pass an oleomargarine bill this session.

Mr. Sandwell should be here this afternoon; he might change his mind.

Should it do so it will throw upon the House of Commons the whole burden of maintaining an absolute prohibitive ban on a cheap article of food which is accepted in almost every other country of the world as nutritious, tasty and economical.

The opponents of oleomargarine are not defending a natural and generally recognized right. They are not preventing something which would be a menace to the health or economic welfare of the nation. They are asserting a claim to a species of protection which is enjoyed by practically no other industry, and a claim which they can enforce only by denying to two other important classes of Canadians their natural right to do as they will with what is their own. They are preventing Canadian consumers from buying a non-deleterious foodstuff which they wish to buy, and they are preventing Canadian producers from converting certain of their oil products into such a foodstuff. Both of these are ordinary, natural rights which should not be interfered with except for the gravest reasons of national interest. They should certainly not be interfered with merely to afford protection to a particular industry.

My friend on my right (Hon. Mr. Nicol) will agree with me when I say that the press is not always right. However, it sometimes hits the nail on the head. There is a lady's magazine called the *Chatelaine* published in Toronto by the Maclean-Hunter Publishing Company, which recently took a poll of its readers on the question of margarine. This dominion-wide survey showed that 80 per cent of the readers of this magazine were in favour of the removal of the ban on oleomargarine. But stronger proof of public opinion than that is shown by the figures in the latest Gallup poll, taken by the Institute of Public Opinion. The results of three recent polls on the use of oleomargarine are as follows:

	For	Against	Undecided
	per cent	per cent	per cent
February, 1943	35	45	20
April, 1947	45	40	15
Today	58	29	13

In conclusion I may say that I have read everything available on the question of margarine, and I believe it to be a good food and see no reason why we should not have it in Canada at the present time. I do not believe for a moment that it will interfere with the activities of the dairy farmer. It is my opinion that he will continue to sell all the butter he produces at good prices. If he does not sell butter profitably, he will probably sell fluid milk, as he is doing today. I cannot possibly understand why, when we are short of butter, and milk and cream are being sold for other purposes, we should deprive our working people of a proper spread for their bread. It is my opinion that even if margarine were available there would still be a good sale for butter in Canada. I know that in Kingston today there is a limited supply, and it is rationed. I repeat, I do not like monopolies or controls, and I am against a prohibition which prevents people from buying the food they wish to buy.

Hon. Mr. FARRIS: I should like to ask my honourable friend if the newspapers have ever taken a poll to see whether the people are in favour of removing the taxes on motor cars?

Hon. Mr. DAVIES: In reply to the honourable senator I can only say that newspapers do not take polls. These polls are taken by the Institute of Public Opinion, to which the newspapers subscribe. Whether such a poll as my friend asks about has ever been taken, I cannot say.

On motion of Hon. Mr. Howard the debate was adjourned.

NORTH FRASER HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill E-7, an Act to amend the North Fraser Harbour Commissioners Act.

He said: This bill, honourable senators will observe if they look at it, is a very simple one. Its purpose is to make a change in the wording of the Act which is necessitated by the union of the municipalities of South Vancouver and Point Grey with the city of Vancouver. At the time the Act was originally drafted these were separate municipalities. Since 1929, however, they have formed part of the city of Vancouver; and the obsolete wording led, and leads, to a certain confusion which it is now proposed to rectify. In each case the words "city of Vancouver" are substituted for the names of the municipalities of Point Grey and South Vancouver where they appear in the Act.

The motion was agreed to, and the bill was read the second time.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With permission, next sitting.

NATIONAL PARKS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill G-7, an Act to amend the National Parks Act.

He said: Honourable senators, as far as the number of pages is concerned this is quite a lengthy bill, but I do not think it necessary to make any extended explanation of it.

The purpose of the bill is to consolidate into one Act the description of all the national parks of Canada. These are set out in the schedule appended to the bill. Previously the National Parks Act contained a detailed description of the boundaries of only five of the national parks, and descriptions of other parks, together with changes made from time to time in their boundaries, were contained in a large number of separate orders in council. The present bill merely consolidates this information. No new changes in the boundaries of the national parks are introduced.

The bill also contains provisions whereby the regulations made under the Act come into force after a single publication in the *Canada Gazette,* and whereby various obsolete Acts and parts of Acts relating to the national parks are repealed.

I doubt if there is any additional information that I can usefully give; but it has occurred to me that some honourable senators would like information as to specific boundaries or some other matters in which they are interested, and since the Standing Committee on Natural Resources is sitting tomorrow, this bill might be referred to it. I have an open mind on the matter.

Hon. Mr. HAIG: Honourable members, I have read the bill, but not the schedules, because they would not mean anything to me. I think the purpose of the bill is commendable. I should like to have it go to committee so that the departmental official concerned with its administration could give us an unqualified assurance that no changes are being made in the boundaries of the parks.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 22, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. SALTER A. HAYDEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill T-6, an Act respecting Canadian Slovak Benefit Society.

He said: Honourable senators, the committee have in obedience to the order of reference of March 23, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read a third time?

Hon. Mr. HAYDEN: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. T. A. CRERAR presented the report of the Standing Committee on Natural Resources on Bill P-5, an Act to incorporate Canadian Co-Operative Livestock Packers Limited.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 15, 1948, examined the said bill, and now beg leave to report the same with several amendments.

The amendments were then read by the Clerk Assistant, as follows:

1. Page 1, line 16. Delete "Livestock Packers" and substitute therefor "Processors."

2. Page 2, lines 39 to 42. Delete paragraph "(f)" and substitute therefor the following: "(f)" deal with all documents of title relating to livestock and products of livestock and to the proceeds thereof;"

3. Page 5, lines 35 and 36. Delete paragraph "(k)" and substitute therefor the following: "(k) to provide that no person shall acquire or hold more than one share in the capital stock of the company;"

4. Page 5, lines 37, 38 and 39. Delete paragraph "(l)" and substitute therefor the following: "(l) to provide that the company shall have a lien on the share of a shareholder for debts due from him to the company;"

5. Page 6, line 38. After "year" delete the period, and add thee following: ", and a copy of such return shall be sent to any shareholder upon request."

In the title. Delete "Livestock Packers Limited" and substitute therefor "Processors Limited"

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. HAIG: There is no dispute about them.

Hon. Mr. JOHNSTON: The amendments are of a very simple nature and were agreed to unanimously in the committee. I would move that they be considered now.

Right Hon. Mr. MACKENZIE: What are they about?

The Hon. the SPEAKER: Is there any urgency requiring consideration of these amendments today?

Hon. Mr. ROBERTSON: I think that if any question is raised they perhaps should stand until they are printed.

Hon. Mr. JOHNSTON: Very well.

Hon. Mr. ROBERTSON: They could be considered at the next sitting.

The Hon. the SPEAKER: Unless there is some special urgency, I think that is better procedure. They may be considered at the next sitting.

The amendments stand.

NATIONAL PARKS BILL

REPORT OF COMMITTEE

Hon. T. A. CRERAR presented the report of the Standing Committee on Natural Resources on Bill G-7, an Act to amend the National Parks Act.

He said: Honourable senators, the committee have in obedience to the order of reference of April 21, 1948, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved third reading of the bill.

Hon. Mr. ASELTINE: Honourable senators, I was not in the chamber throughout the discussion of the bill. May I ask if this measure changes the boundaries of any of the parks?

Hon. Mr. CRERAR: It does not. Honourable senators may recall that each of the national parks in Canada was created by a separate Act of Parliament. The information

given to the committee was that the main feature of the bill was the consolidation into one Act of the descriptions of the various parks. In addition, the bill confirms the establishment in New Brunswick of a park which had been created by order in council. The boundaries of the parks are not altered or changed.

The motion was agreed to, and the bill was read the third time, and passed.

EXPORT CREDITS INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 197, an Act to amend the Export Credits Insurance Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 20, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Honourable senators, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

PENNY BANK BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill R-5, an Act to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

He said: Honourable senators, the committee have in obedience to the order of reference of March 18, 1948, examined the said bill, and now beg leave to report the same with minor amendments.

The amendments were then read by the Clerk Assistant, as follows:

1. Page 2, line 14: For "May" substitute "August".
2. Page 2, line 44: For "May" substitute "August".
3. Page 3, line 2: For "May" substitute "August".
4. Page 3, line 12: For "May" substitute "August".
5. Page 3, line 31: For "May" substitute "August".

The motion was agreed to.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Next sitting.

EXPORT AND IMPORT PERMITS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill U-3; an Act to amend The Export and Import Permits Act.

He said: The Standing Committee on Banking and Commerce, to whom was referred amendments made by the House of Commons to Bill U-3, intituled: "An Act to amend The Export and Import Permits Act", have in obedience to the order of reference of 20th April, 1948, examined the said amendments, and now beg leave to report the same without any amendment.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill H, an Act to amend The War Service Grants Act, 1944.

He said: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred the amendment made by the House of Commons to this bill, have in obedience to the order of reference of 20th April, 1948, examined the said amendment, and now beg leave to report the same without any amendment.

THE GREBER PLAN

REPORT OF COMMITTEE

Hon. NORMAN McL. PATERSON presented and moved concurrence in the report of the Standing Committee on Public Buildings and Grounds, as follows:

Pursuant to the order of reference of March 23, 1948, your committee inquired into the progress being made under the scheme proposed by the "Greber Plan" with respect to the cities of Ottawa and Hull and surrounding districts.

Your committee heard the following witnesses:

Mr. F. E. Bronson, Chairman, federal district Commission, Ottawa, Ontario.

Mr. Jacques Greber, Consultant to the National Capital Planning Committee, Ottawa, Ontario.

His Worship Mayor Lewis, Ottawa, Ontario.

Comprehensive plans and maps of the proposed undertaking were exhibited and explained in detail to your committee.

From the exhibits and evidence adduced your committee is impressed with the importance of the project and is of the opinion that the scheme warrants continued study by your committee.

The motion was agreed to.

DIVORCE BILLS

FIRST READING

Hon. Mr. ASELTINE presented the following bills:

Bill K-7, an Act for the relief of Ella Margaret McLaughlin Baisley.

Bill L-7, an Act for the relief of Mavis Aurelia Leney Ogilvie Walker.

Bill M-7, an Act for the relief of Joanna Wright Farrell.

Bill N-7, an Act for the relief of Margaret Patricia Jones Gavey.

Bill O-7, an Act for the relief of Selma Rattner Fridhandler.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bill be read the second time?

Hon. Mr. ASELTINE: Next sitting.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA—APPROVAL OF GENERAL AGREEMENT—MOTION WITHDRAWN

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Robertson—That it is expedient that the Houses of Parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreements of October 30, 1947, between Canada and the United States of America and between Canada and the United Kingdom; and that this House do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. WISHART McL. ROBERTSON: Honourable senators, pursuant to the references I have already made to this order and the explanation about dividing the motion, I would now ask leave to withdraw the order so that we may proceed with the two motions, notices of which stand in my name.

Hon. Mr. HAIG: Honourable senators, I am not objecting to the withdrawal at all, but I am somewhat in a quandary as to the technical procedure to be followed. I really think that my consent has to be obtained, otherwise I must speak to the motion now on the Orders of the Day. I therefore give my consent to the motion being withdrawn.

Hon. Mr. ROBERTSON: I must apologize to my honourable friend (Hon. Mr. Haig). I had spoken to him so many times before about this matter that I neglected to do so again.

Hon. Mr. HAIG: I understand.

The order was withdrawn.

CANADA-U.S. AGREEMENT

Hon. Mr. ROBERTSON: I now move that for the order which has just been withdrawn there be substituted the following—

That it is expedient that parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, attached to the final act of the second session of the preparatory committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

—and that the order for resuming the debate be in the name of the honourable leader opposite (Hon. Mr. Haig).

The motion was agreed to.

CANADA—U.K. AGREEMENT

Hon. Mr. ROBERTSON: I would now move the following:

That it is expedient that parliament do approve the complementary agreement of October 30, 1947, between Canada and the United Kingdom relating to the General Agreement on Tariffs and Trade; and that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

On motion of Hon. Mr. Howard, the debate was adjourned.

NORTH FRASER HARBOUR COMMISSIONERS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill E-7, an Act to amend the North Fraser Harbour Commissioners Act.

The motion was agreed to, and the bill was read the third time, and passed.

PRISONS AND REFORMATORIES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill H-7, an Act to amend the Prisons and Reformatories Act.

He said: Honourable senators, I have asked the honourable senator from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, this bill is short, but involves an important principle. It provides that British Columbia courts may impose an indeterminate sentence on youths between the ages of 16 and

23. The sentence is to be not less than three months, and not more than two years less one day. As honourable senators well understand, the addition of the words "less one day" means that the offender will not be sent to a penitentiary, as he would be if sentenced to two years or more.

Under our present law these boys, if convicted and not sent to a penitentiary, are sent to our common jails, and no more unfit places for them can possibly be imagined. I suppose that conditions in the jails of every province are similar to those that prevail in the larger common jails of British Columbia. They are frequented by the riff-raff of criminals who do not even attain the distinction of having reached the penitentiary, and who have the worst possible influence on youthful prisoners. The bill empowers the courts of British Columbia to commit young male offenders to New Haven. That is not the city of that name in the state of Connecticut, but an institution in British Columbia, somewhere in the vicinity of the cities of Vancouver and New Westminster. The bill defines New Haven as "the institution established in British Columbia for the reclamation of juvenile offenders". Young men who are sent there may be assured of reasonable removal from the contamination of the common jails.

The Attorney General of British Columbia, who has taken a great deal of interest in boy-welfare and been instrumental in the establishment and maintenance of a Borstal school at Vancouver, has recommended this institution and has approved of the bill in its present form.

Hon. Mr. HAIG: Honourable senators, I do not know why the province of British Columbia had to be picked out for special treatment. I know something of the common jails in Manitoba. They may not be any worse, but I am sure they are not any better than those in British Columbia. I must say, though, that the provincial jail in Manitoba is quite up to date and—if this description may be applied to a jail—is a very fine institution.

Hon. Mr. FARRIS: My criticism of the jails was based not on their physical condition so much as on the kind of people that young offenders meet there.

Hon. Mr. HAIG: I agree with you.

Hon. Mr. FARRIS: My honourable friend has commented that the bill applies only to British Columbia. Up to the present time legislation in such form has applied exclusively to Ontario, the only province which has had an institution of the kind referred to here. Now that British Columbia has a similar institution, it has requested this measure. My honourable friend might perhaps suggest to the Attorney General of Manitoba an extension of the legislation to that province.

Hon. Mr. LEGER: May I ask the honourable gentleman from Vancouver South (Hon. Mr. Farris) why the bill applies only to offenders who are given a sentence of at least three months?

Hon. Mr. FARRIS: I am unable to give a definite answer to that. I assume it has been considered that persons sent to the institution would not benefit from the training given there if remaining at the place for less than three months.

Hon. Mr. LEGER: I am afraid this may have the effect of causing some sentences to be longer than they otherwise might have been.

Hon. Mr. FARRIS: The bill provides for the appointment of a board of parole, and it could release prisoners at any time on parole.

Hon. Mr. ASELTINE: Do I understand that there is similar legislation for Ontario in force now?

Hon. Mr. FARRIS: Yes. If the bill is passed, British Columbia will be the second province to which such a provision applies.

Hon. Mr. ASELTINE: It may in time be extended to other provinces, if they ask that this be done?

Hon. Mr. FARRIS: That is right.

Hon. Mr. HAIG: It is along the right line.

The motion was agreed to, and the bill was read the second time.

RAILWAY BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 201, an Act to amend the Railway Act.

He said: Honourable senators, the main purpose of this bill is to increase from $200,000 to $500,000 the amount to be appropriated for each of the next nine years for the Railway Grade Crossing Fund.

Since 1909 it has been the practice for parliament to vote for the Grade Crossing Fund a sum of $200,000 a year for ten-year periods. In 1939 this procedure was discontinued, and no money was provided for the fund during the war years. Last year parliament passed a bill providing for an appropriation of $200,000 annually for the next ten years. Since then the Board of Transport Commissioners, which

recommends payments out of the fund for the elimination of level crossings, has had before it a large number of applications, and has recommended that the appropriation for the fund should be increased to $500,000 a year for the remainder of the ten-year period.

It should be noted that these appropriations represent the contribution of the federal government toward the work of eliminating dangerous level crossings of highway and rail lines. This work is a joint responsibility of the federal, provincial and municipal governments and the railways, and the financial burden is shared by them.

As of February 6, 1948, the total in the fund was $206,523. The Board of Transport Commissioners hears applications from interested parties for the removal of particular level crossings. It examines each project, consults the municipal authorities, and determines the share of the cost to be borne by the Grade Crossing Fund, the municipality, and the railroad. The federal government's share out of the Grade Crossing Fund in the cost of any project is limited by the Railway Act to 40 per cent of the total. The remaining 60 per cent of the cost is made up by contributions from the railroad and the municipal or provincial government. The board's policy is to deal with specific applications on their merits. In view of the very many possible projects of this type, such a policy is considered to be the most practical approach to the problem. By increasing the appropriation to $500,000 a year, the federal government will be in a position to make contributions to a large number of important grade separation projects.

The remaining clauses of the bill relate to telegraph and telephone lines laid underground, giving the board the same powers in this respect in all municipalities as it has at present in towns and cities.

If honourable senators would like to question officials on this bill, it seems to me that it should be referred to the Committee on Transport and Communications for further consideration.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Is it the wish of any senator that the bill be sent to committee?

Hon. Mr. HAIG: I think it had better go to committee.

Hon. Mr. ROBERTSON: Then I move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until Monday, April 26, at 8 p.m.

THE SENATE

Monday, April 26, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THEIR MAJESTIES

ADDRESS ON THE OCCASION OF THEIR SILVER WEDDING ANNIVERSARY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, today the King and Queen are celebrating their silver wedding anniversary. It would be appropriate, I believe, and would meet with the wishes of honourable members, that we, the Senate of Canada in parliament assembled, should by resolution extend to Their Majesties expressions of loyalty, devotion and affection on behalf of ourselves and those we represent.

This is a unique occasion, such as I believe has not occurred before. I have spoken to the leader of the opposition (Hon. Mr. Haig), and he joins with me in proposing a resolution for your consideration. I therefore move, seconded by the honourable leader opposite (Hon. Mr. Haig), that an humble address be presented to Their Majesties the King and Queen, in the following words:

Most Gracious Sovereigns:

We, Your Majesties' loyal and dutiful subjects, The Senate of Canada in Parliament assembled, beg to offer our sincere congratulations to Your Majesties on the 25th anniversary of your marriage.

As members of the Parliament of Canada, we are happy to avail ourselves of this anniversary to express the warmth of the feelings cherished toward Your Majesties by the Canadian people. Your devotion to each other, the exemplary character of your family life, and your unfailing consecration to public service through years alike of war and peace, have been an inspiration to your subjects everywhere.

We trust that Your Majesties may long be spared to share the happiness of life together, and to enjoy the affection of your peoples in all parts of the British Commonwealth of Nations.

Hon. JOHN T. HAIG: Honourable members, it is with a very great deal of pleasure that I second the motion of the honourable leader of the government.

I had the pleasure this afternoon in another place of listening to the expression of felicitations to Their Majesties. I shall not elaborate what was said there or attempt to add to it, but shall simply say that we as Canadians are happy to have had such fine persons as the King and Queen to rule over our great Commonwealth of Nations. The Royal Family is the invisible link that joins together the free nations of the British Commonwealth, and is an outstanding example to the whole world of home life, family life and administrative life. The King and Queen have been with us during good times and bad times, in peace and in war, and our devotion to them is a devotion to one of the greatest ideals of all times.

In expressing my pleasure at the opportunity of seconding the motion, I voice the hope that there may be conveyed to Their Majesties the message that, irrespective of the vicissitudes of life during the recent war, the period of reconstruction and the threatenings of today, Canada stands loyal to them in the work they are doing for humanity.

The motion was agreed to.

Honourable senators rose and sang "God Save The King".

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 204, an Act to amend the Prairie Farm Assistance Act, 1939.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

LOAN COMPANIES BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill F, an Act to amend the Loan Companies Act.

He said: Honourable senators, the Standing Committee on Banking and Commerce, to whom was referred Bill F, an Act to amend the Loan Companies Act, have in obedience to the order of the reference of 18th March, 1948, examined the said bill, and now beg leave to report the same with amendments. The amendments are so numerous that I suggest that the Clerk dispense with the reading of them. They will appear in the *Procès Verbaux*. I may say that all of them have been suggested by the department concerned.

The Hon. the SPEAKER: When shall the report be considered?

Hon. Mr. BEAUREGARD: Tomorrow.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill P-7, an Act for the relief of Lucien Menard.

Bill Q-7, an Act for the relief of Sheila Trench Thomson Ellis.

Bill R-7, an Act for the relief of Alexandre Hebert.

Bill S-7, an Act for the relief of Anne Greenblatt Pliss.

Bill T-7, an Act for the relief of Sonnie Levitt Shereck.

Bill U-7, an Act for the relief of James Young.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, next sitting.

PRIVATE BILL

FIRST READING

Right Hon. IAN A. MACKENZIE: I wish to rise to a question of procedure. According to the sequence of business as shown in the document we have before us, Routine Proceedings come before Orders of the Day, and I was wondering if there was some particular reason for departing from that sequence. I wished to present a bill under "Notices of Inquiries and Motions," as I have been advised that that is the proper procedure in this house.

The Hon. the SPEAKER: I called for the presentation of petitions, which is the first item of our Routine Proceedings, and I called it distinctly. If, however, my right honourable friend has a bill to present, there is no reason why he should not present it now.

Right Hon. Mr. MACKENZIE presented Bill V-7, an Act to incorporate the Canadian Legion of the British Empire Service League.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Right Hon. Mr. MACKENZIE: Wednesday next.

PRISONS AND REFORMATORIES BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill H-7, an Act to amend the Prisons and Reformatories Act.

The motion was agreed to, and the bill was read the second time.

SENATE PROCEDURE

PRESENTATION OF BILL

Right Hon. IAN A. MACKENZIE: Honourable senators, on a question of order: I respectfully ask to be enlightened with respect to the procedure of this house. If you look at the Minutes of the Proceedings of the Senate under the heading "Routine Proceedings" you will find "Notices of Inquiries and Motions". I was informed by the officials of this house today that this was the proper stage of proceedings for me to introduce a bill. To my knowledge that item was not called, and the house immediately proceeded to overleap itself into the Orders of the Day.

The Hon. the SPEAKER: That item of business was called.

Hon. Mr. MURDOCK: Your bill was read the first time.

Right Hon. Mr. MACKENZIE: After I got the unanimous leave of the house; but I was deprived of my right to have it called in the proper place, and I still maintain that the proper item was not called this evening.

The Hon. the SPEAKER: I distinctly called "Notices of Inquiries and Motions". I am very sorry that my honourable friend (Right Hon. Mr. Mackenzie) should be disturbed. He has secured his rights, and his bill has been read the first time.

EMERGENCY GOLD MINING ASSISTANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 7, an Act respecting Emergency Payments to assist in meeting increased Cost of Production of Gold.

He said: Honourable senators, I have asked the honourable senator from Cariboo (Hon. Mr. Turgeon) to explain this bill.

Hon. J. G. TURGEON: Honourable senators, without question there are members of this house who know more about gold than I do, but for many years I have been interested in the gold mining industry. During my period of service in the House of Commons I represented the district of Cariboo, which is known for its great gold production. Certain honourable senators who were held in high esteem, and who have since passed away, once spoke of the value of the district of Cariboo to the gold mining industry. As

these honourable senators have said, the Cariboo gold rush did something for Canada that would not have been done for many many years if gold had not been discovered in that region.

Before finishing I shall say some other words concerning gold, but at the very start I wish to compliment the Senate, and especially those senators who in 1946 were members of the Standing Committee on Natural Resources, which was authorized to study the condition of our general mining industry and to make recommendations. The honourable member for South Bruce (Hon. Mr. Donnelly) was chairman of that committee, and though I do not see him present at the moment I wish to tender to him my respectful congratulations upon the good work done by him and his committee. I took the opportunity today of reading some of the evidence presented to that committee, especially that given by the British Columbia and Yukon Chamber of Mines, by Mr. Sidney Norman, of Toronto, at one time a British Columbian himself, and by Mrs. Viola MacMillan, president of the Prospectors and Developers Association. I also read the committee's report, and one thing that struck me as I read it was this statement:

> It will be seen, therefore, that rising costs, together with the fixed price for gold, are closing the gap between the cost of producing gold and the price realized to the extent that the margin of profit is making it more and more unprofitable to mine low grade ores.

The committee made further statements, but at the moment I am reading that one only, as I wish to pass on to the proposed legislation and to record some statements approving it. It will be seen that in general those statements of approval by persons highly interested are based upon or certainly directly related to the thought which prompted the report of the Senate committee. I have here a statement made by Mrs. Viola MacMillan, president of the Prospectors and Developers Association, at a meeting in Toronto last March:

> This proposed legislation is specifically designed to keep high-cost producers, and the communities which they support, alive.

Then she said:

> Competent authorities believe it will accomplish that aim.

I have here a very interesting pamphlet on Canadian gold mining, issued by the Canadian Metal Mining Association. They conclude their general consideration of all conditions affecting gold by saying this:

> Bill 7 was designed to reduce the effects of that squeeze.

They are talking here of a squeeze that was mentioned in the Natural Resources Committee's report of the Senate, a squeeze brought about by the clash between rapidly increasing costs of production and a fixed price for gold and a restricted market. They say:

> Bill 7 was designed to reduce the effects of that squeeze. Its effect is to assist high-cost operators to remain in operation. Marginal mines and new producers will benefit. But the chief significance of Bill 7 is that the Canadian government has thereby recognized the economic importance of the gold mining industry and the need of keeping it in operation.

I just want to link that up with a statement made on this bill by the Minister of Finance in the House of Commons last December:

> The government has therefore revised the form of its assistance and I wish now to give an outline of our proposal which the government hopes will contribute in some degree to the reconstitution of our depleted gold reserves.

There has been a lot of discussion about this bill, some people claiming that more should be done and some claiming that nothing whatever should be done. That latter claim makes no appeal to those of us who wish to take gold from the mines. I have here a clipping from the *Northern Miner,* stating that the sun is beginning to shine on the gold mining industry. They were looking forward to an improvement in the general international acceptance of gold and a higher price for the metal; but referring to this particular proposed legislation, that paper said:

> Much as one may deplore the acceptance of relief, the government aid plan keeps the marginal mines in the picture until the price of gold is raised.

As honourable senators know, the plan first suggested to the people of Canada by Mr. Abbott, Minister of Finance, was revised to the form of the bill which we now have before us. He stated in another place that the revision was made because of objections raised by the International Monetary Fund, and was endorsed later by the National Advisory Council of the United States government; and he placed on *Hansard* of the other house statements which, with the consent of honourable senators, I should like to place on the Senate *Hansard.*

(*See appendix at end of today's report.*)

Before going any further on this bill I should like to say a word about certain legislation passed in 1936, which was of positive and direct benefit to the mining industry. A moment or so ago when I said that there were members of the Senate who knew more about gold than I do, I was thinking of what was done at that time, and that some senators were then members of the government which initiated action that

did more than any other individual action by parliament to bring about a decided improvement in the gold mining industry. I see here the honourable senator from Churchill (Hon. Mr. Crerar), who in those days was Minister of the Interior and in charge of mines and natural resources generally. I also see the Right Honourable Senator from Vancouver (Right Hon. Mr. Mackenzie), who then was a minister representing the great gold producing country of British Columbia; and the honourable senator from Waterloo (Hon. Mr. Euler), who at that time held the portfolio of Trade and Commerce.

During general discussions on this bill many things have been said in approval of it, and naturally some statements disapproving of it have been made. There has been a great deal of discussion about the relationship of Canadian currency to the currency of the United States. It has been said by some that the troubles of the gold mining industry in Canada commenced on July 5, 1946, when the then Minister of Finance, Mr. Ilsley, announced to parliament that Canadian currency was being placed on a par with United States currency.

The troubles of the gold mining industry started long before that. Before parity of exchange between Canada and the United States was brought about the Senate committee reported that at that time prospects for the gold mining industry indicated at least a cloudy sky. It is, however, true that parity with the United States did do damage to the gold mining industry.

Honourable senators will remember that when the Honourable Mr. Ilsley, then Minister of Finance, was proposing to raise the value of Canadian currency he gave as his reasons, and those of the cabinet, that the proposal was based upon the fact that without parity in our currencies conditions taking place in the United States were bound to bring about inflation and a higher cost of living to the people of Canada. In making that statement the honourable minister frankly admitted that the one industry that would suffer by the proposed legislation was the gold mining industry. He felt, however, that it would benefit by the general improvement in conditions for the Canadian people, and that it would be better with parity than without it.

One very often hears statements about the futility of taking gold from one hole in Canada and depositing it in another hole at Fort Knox. I do not want to tire honourable senators by speaking at length tonight, but I wish to place on record some strong views which I hold with respect to gold, and which I know will be shared by every honourable senator.

First, I would draw the attention of the house to a book called *America's Role in the World Economy,* written by the noted economist Alvin H. Hansen. There are Canadian economists who could be quoted. I am choosing Mr. Hansen because he is not a Canadian, but a citizen of the United States, because he is held in high esteem, and because he is not in favour of a return to the gold standard. Referring to the futility of taking gold from one piece of ground and planting it in another, the author says that any such assumption is based upon false premises. While he makes the positive declaration—with which I do not agree—that we will not again have a gold standard because of its rigidity, he does say that not for many years, if ever, will gold lose its value and its international significance as far as currency is concerned. He points out the truth that if we took away all reference to gold there would be no International Monetary Fund. The terms of this fund disagree with the basis for the proposed subsidy of $7 announced by Mr. Abbott last November; but by reading the articles of agreement of the International Monetary Fund honourable senators will find that without gold the fund could not carry on. It is provided that a percentage of each nation's quota is to be pledged in gold. For instance, of a quota of $300 million to the fund Canada must contribute some $75,000,000 in gold.

One of the outstanding functions of the International Monetary Fund is the restoration of currency equilibrium, but this condition is not being attained very rapidly. One gathers from even a cursory glance at the troubles of the countries of eastern, central and western Europe that the underlying cause is the lack of acceptable currency held by the governments of those countries.

There is a great deal of talk today about communism and the inroads of communism. I am thinking now largely in terms of international relationships as affected by gold. I have in my hand an enlightening book on Karl Marx, written by one who was sympathetic towards him. He extols the things that in his opinion Marx did to educate the world. He states that a large percentage of the people have been turned against capitalism and towards the doctrines of communism as preached by Karl Marx. The author deals with that feature of the history of Europe which brought about the revolution in France, in February and March of 1848.

An Hon. MEMBER: What is the author's name?

Hon. Mr. TURGEON: The author it Otto Rühle. I shall read a short extract from his book.

Following the French Revolution of February and March, 1848, Karl Marx was preparing and watching hopefully for a further revolution which was expected to break out in France and to spread to Germany.

In March, 1850, Marx penned an address to the Communist League which was centred at London. This address described the political situation and specified what in Marx's opinion ought to be the behaviour of the working class in the accepted revolution. I quote from Marx's address:

> The revolution is imminent. It may be brought about by an independent rising of the French proletariat, or by an attack on the part of the Holy Alliance directed against the revolutionary Babel.

The author continues:

But Marx was taken aback when the news of great discoveries of gold in California reached Europe. In the second issue of the "Revue" he alluded to the enormous importance of this discovery, and to the beginning of a period of flourishing trade. By the summer of 1850, had come the crushing conviction that the prospect of a revolution in Europe had been indefinitely postponed. In the closing number of the "Revue", Marx wrote:

"There can be no talk of a real revolution in such a time as this, when general prosperity prevails, when the productive forces of bourgeois society are flourishing as luxuriously as is possible within the framework of bourgeois conditions."

The author goes on:

California gold had favoured European capital. This was a fact which made all manifestos inoperative, all proclamations vain, all revolutionary hopes futile.

On September 15, 1850, the Communist League split up.

That brings to mind what we knew years ago, but which I fear we allowed ourselves to forget, that a large number of American mining engineers, responding to offers by Generalissimo Stalin, went to Russia in the thirties.

Looking back over at the history of those times, we observe that a split in the Russian dictatorship occurred: there was a break between Stalin and Trotsky and their respective adherents. It may never have occurred to us that that dispute related to gold production, but history records that that fight took place because Stalin desired to establish a national socialism which, if extended beyond the borders of Russia, would move eastward into Asia. He was thinking of Japan, looking towards the control of Sin Kiang, of Outer and Inner Mongolia and Manchuria, while Trotsky and his associates were aiming at the policy which is now being put into effect, of expanding and dominating Eastern Europe and advancing into Central Europe.

Stalin won; and many scores of mining engineers were attracted from America and employed for years in Soviet Russia, particularly in the vast areas east and south of the Ural Mountains, in the region of Lake Baikal, and through southern and eastern Siberia, down to the southern borders of Siberia as far as the two Mongolias, China and Manchuria. For at least ten years the development of gold production was stimulated by incentives. Those who were willing to participate in the search for gold were given those rewards which appeal to man's acquisitive instinct—and I use that term in its highest and best sense.

When the Soviets first gained power, following the Russian revolution, influenced perhaps by the beating which the theories of Marx had taken through the discovery of gold in California, they did not favour the use of gold, and would not permit it to be mined. Among those consigned to forced labour were many Siberian prospectors. But when, after this division in the ranks of the party, Stalin determined to search for gold, he recalled these prospectors, instituted a drive for the discovery and production of gold, and requited those who took part in the industry on a basis more favourable than that enjoyed by any other workers or labourers in the Soviet Union. We do not know how much gold Russia is producing today.

Hon. Mr. HUGESSEN: Is she still pursuing the same policy?

Hon. Mr. TURGEON: Well, these American engineers have been sent home. It is quite possible that they have instructed native engineers, and that Russia now possesses technicians as qualified to carry on the work as were the Americans whom they have succeeded. But, as we know, there is a closed curtain, and while reports of one kind and another are circulated—for instance, just recently the United Nations issued an estimate that the world's total gold production last year was $900 million, of which Russia is supposed to have produced $100 million—they are purely conjecture; nobody knows.

Hon. Mr. HORNER: Russia will not give out any information.

Hon. Mr. TURGEON: No.

I come now to another question which has been raised—an open market. I suggested a while ago, and I am returning in a moment to the same point, that this bill goes to the heart of the gold problem by trying to save the industry from the consequences of the clash which arises from the rapidly increasing cost of production as against a fixed price for the product which is available for sale. That

is a condition which cannot be remedied except by extraordinary legislation such as this bill. So I repeat, the bill goes to the heart of the problem; and, as one who wants gold to be used internationally, as one who hopes that it will again become the standard of currency for the whole world, I now put upon the record an expression of appreciation of the action taken through this measure by the Minister of Finance, by his colleagues in the Cabinet, and by his departmental advisers and assistants.

The legislation now proposed will do a wealth of good to the mining industry and, through it, to the people of Canada. It provides for financial aid to high-cost operations. It has application only to the type of mine which is generally termed in the industry a straight gold mine. To benefit by the provisions of this bill, the gold production of a mine must be at least 70 per cent of the total output. In the second place, the aid is continued for three years, namely, in the calendar years 1948, 1949 and 1950. Thirdly, the assistance is conditional upon the cost of production per ounce being greater than $18. If the cost is greater than $18, the amount of production of each mine in each one of those three calendar years is compared to the production in the so-called base year, which is the year ended June 30, 1947, and financial aid is given to that portion of the production in the designated year which is over and above two-thirds of the production in the base year. The financial aid given is 50 per cent of the cost of production over and above $18 per ounce, provided that in no case must the financial aid given by the government be greater than $16 per ounce. In the case of new mines the aid is given on the total production of the first year, and for the next two years it is given on two-thirds of the total production for the first year. These are the general provisions of this bill.

Having in mind the whole condition of the gold mining industry and the study and report made by the Senate committee two years ago, I say that in the provisions for increased depletion allowances and the exemption from taxation for three years of new mines coming into production, the government has gone a very long way towards meeting the wishes embodied in that report of the Senate committee which laboured so effectively under the chairmanship of the honourable senator from South Bruce (Hon. Mr. Donnelly).

Honourable senators, I have only one suggestion to make, and although it does not deal with this bill it relates to gold. Because of the clash between the cost of production and the fixed price of 35 dollars an ounce for gold it is becoming more and more difficult for prospective developments to secure the necessary funds for exploration. I would suggest, purely for the consideration of competent authorities, that at some future time the government further consider the Senate's recommendation that the depletion allowance, which is increased from 33⅓ per cent to 40 per cent be increased to 50 per cent, and that the depletion allowance permitted to shareholders, which is now set at 20 per cent, be increased to 50 per cent. As I have said, this suggestion has no relation to the bill immediately before us; but I want parliament to appeal to the acquisitive instincts of men and women, so that they will go out and search for something valuable, especially gold. They will do this if proper incentive is provided, but the cost of production today is so high that, with a fixed price, there is apparently not much to be acquired.

Honourable senators, money is expended in order to provide an incentive to American tourists to come to Canada and spend their United States dollars here. What would be the difference if we expended money to increase gold production and secured United States dollars in that way? We should remember that about 18 per cent of the total cost of gold production goes to labour outside of the mines, and to purchase products, commodities, and services of other industries. We should remember that the community development of the northern parts of British Columbia, Alberta, Manitoba, Ontario and Quebec was almost entirely brought about by the search for and the production of gold. We should also remember that when the second world war was forced upon us, the training that our bush pilots received while flying to and from gold prospects proved invaluable to our air force. That is an illustration of what the gold mines have meant in a domestic way, altogether apart from the gold value. When the people of the world finally get together and agree that war is no longer necessary, they will decide upon an acceptable currency that can be used in one country as freely as in another. When that is done, gold will play an even greater and more important part in world affairs that ever before.

Honourable senators, I urge the acceptance of the motion proposed by the honourable leader of the government (Hon. Mr. Robertson) that this bill be now given second reading.

Hon. ARISTIDE BLAIS: Honourable senators, I beg to be excused for rising to speak to you in English when I am well aware of my inability to speak it correctly. I know

your extreme kindness, and I am sure you will forgive me if I make mistakes or scorch your ears with faulty pronunciation.

Gold is on the order of the day; in fact it is always the order of the day almost everywhere. I have always been fascinated by that metal. I do not know why, but in spite of all my attention and courtship it has always eluded me. Speaking in terms of chemistry, I suppose our two bodies repel each other; or perhaps my profession has been too jealous of the time I have spent in that direction. But I hold no grudge. I realize that in my humble way I have helped the production of gold in Canada by purchasing shares galore—shares which are still lying dormant in an old cupboard at home.

I wish to congratulate my honourable friend from Cariboo (Hon. Mr. Turgeon) on the able way in which he has presented this bill calling for emergency payments to assist in meeting increased costs of production in gold mining. I take great pleasure in supporting this measure, although I realize that what is being done by the government falls far short of meeting exigencies of the hour, especially as they concern our gold mines of Alberta, and Yellowknife in the Northwest Territories, an area which I have the honour of representing in this chamber.

In 1946 I was one of a small group of senators who had the privilege of visiting the mining centres of northern Ontario and Quebec. This visit certainly was a revelation to me. I had no idea that it cost so much money and required such hardship, courage and perseverance to develop a mine and bring it into production. What I saw in Hollinger, McIntyre, Lake Shore, Noranda, O'Brien and Kirkland Lake opened my eyes, as I am sure it did those of my colleagues.

Everywhere we went we were received with great consideration and treated like kings. Each process in the mining industry was demonstrated to us by company experts. We were even invited to go down 3,000 feet into the entrails of the earth to inspect the different connecting galleries and to see the actual mining taking place. It was a most instructive experience, but it confused me because I had expected to see a real vein of pure gold running through the rock and shining in my eyes. Instead, the gold was so finely integrated in the rock that it was hardly noticeable *de visu,* and yet we were told that gold was present in paying quantities. Coming up to the surface we were shown all the special precautions taken by the company to protect the miners against any hazard or accident, and also the new means of combating any incidence of silicosis. We marvelled at the beautiful recreation rooms and the vast sporting grounds provided by the company to keep the miners in good health and spirits. The food was excellent and a fresh cleanliness was everywhere apparent. We came back greatly impressed by what we had seen, and felt grateful for the wonderful reception given to us by the distinguished managers of these great mines, who competed to make our visit most enjoyable and most profitable.

What a terrible gamble it is to open a mine, even if the diamond drilling has shown splendid prospects. There is always an *inconnu,* an unknown factor, which sometimes is most discouraging. It really takes foresight, knowledge, courage and tenacity to undertake such an enterprise.

Honourable senators, you are all aware that gold has been found and mined in many of our provinces, especially Ontario, Quebec, British Columbia, Manitoba and Saskatchewan. But there is one province, or rather a territory adjacent to our province of Alberta, where gold discovery has been spectacular in these later years on account of its richness and of its quantity, although at the present time our miners and prospectors are working at a great disadvantage in comparison with Ontario and Quebec miners, who are privileged to have their mining centres so close to big cities and so well served by railway facilities and bus communications.

In the Northwest Territories, which we are accustomed to consider as an extension to our province of Alberta—so much are they dependent upon Edmonton for all their needs—things are different. There are no agricultural lands mixed with our mining centres of the north. There is no agricultural market in their vicinity. Everything, whether machinery, equipment or food, is sent from Edmonton by plane or by truck in the winter as far as the northwest end of the Great Slave lake, or by boat in the summer season, which is very short. So you can well imagine how expensive it is to mine in these conditions. That is the reason why I rejoice so much at the help which is being given by our government at such an opportune time.

The prospectors of our northern country are hardy people and not easily discouraged. If the prospects are good they stick to the ground to the finish, in spite of the rigour of the winter or any other hardship.

But the district of Yellowknife is not exclusively known for its gold. It is also famous for the discovery at Ross Lake of tantalum and columbium, which are among the rare and valued minerals of the earth. One of the most interesting of recent developments has been the establishment of a tantalum refinery in Edmon-

ton. It has been estimated that the Ross Lake mines will yield 100 tons of mineral each day. This makes one ton of concentrate, which could be flown to Edmonton by air and processed at the Edmonton refinery. Gold from Yellowknife's famous mines—the Canadian Smelting Company, Giant and Negus—is flown through Edmonton. Millions of dollars' worth of equipment and food are flown down north. With this encouraging example before them, our people are looking for greater developments in the mineral-rich north. Aside from a great interest in gold, they have their minds on rumoured iron deposits and other metals that the Precambrian Shield normally yields. Their greatest expectations are reserved, however, for the radium uranium ore deposits on Great Bear lake. In an atomic age they see exceptional possibilities from their proximity to one of the world's largest deposits.

It is a cumulation of those possibilities—their own, and those of the north—that stir the imagination of the Alberta people. The sobering factors of transportation and markets, however, are problems that hamper quick developments. For instance, Canada imports much of her needed coal from the United States, while Alberta has hardly scratched the surface of her reserves. The long freight haul to eastern markets is the problem. Freight rates are the limiting factor on many Alberta industrial developments. I shall give you an illustration. In 1910 I was leaving for the Old Country, to take a postgraduate course. Being a shareholder in the Fort McKay Asphalt Company, I was given a sample of asphalt to take to McGill University at Montreal for analysis. At Montreal I met a friend who was very familiar with asphalt, as he was a contractor who provided the city with asphalt to put on its streets. I asked him to come with me to McGill University to see what the report on my sample was, and when we got there we were told that it was one of the richest grades known; it was said to be better than what was imported from Trinidad, and almost as good as the rock asphalt from the Old Country. My friend was so enthusiastic that he said to me, "Let us go to the Canadian Pacific Railway and find out how much it will cost to bring that asphalt from Edmonton to Montreal." In his enthusiasm he overlooked the cost from Fort McMurray to Edmonton. At the railway office we were informed that the freight would be $20 a ton. Well, Trinidad asphalt was being delivered at Montreal for $15 or $16 a ton, so there was no possibility of meeting that competition.

Yet industrial development is bound to come, in spite of such obstacles. In the field of chemical engineering we see the brightest promise for the full realization of our industrial future. Coal is the basic raw material for hundreds of products, such as plastics, vanilins, anilins, carbolic, flavouring saccharine, perfumes and drugs.

In the Fisher Tropsch process Alberta sees a market for her tremendous reserves of natural gas. This process makes possible the turning of natural gas into liquid fuels. Natural gas is also a raw material for the manufacture of acetylene, alcohol, plastics, carbon products and ammonia.

Our salt deposits also offer vast chemical sources for medicinal and pharmaceutical products, for soaps, paints and fertilizers. Not long ago when drilling for oil was being done in the Vermilion area, the drillers went down through about 500 feet of salt, and, not finding any oil, they decided to mine salt. I may say that in the regions of Waterways and McMurray there are numbers of seams about 200 feet deep, extending over a large surface. With so much wealth so readily available and untouched, our optimistic dreams are bound to come true.

Before the first war I met in Edmonton a distinguished geologist by the name of Engel, who was sent by a New York syndicate to explore the coal deposits and other minerals in the northern part of that country. When he returned after a couple of months investigation, I asked him what he thought of the North. He replied that there were indications of great wealth spread all over the north country, but that our greatest asset was oil and coal. My geologist friend also stated that the large mineral deposits could only be exploited by a large company, such as Shell Oil, which could wait as long as fifty years for its profits.

A supply of coal means energy for heavy industries. The deposits of coal in Alberta have scarcely been touched. Do honourable senators know that our coal fields contain considerably more coal of a superior quality than the combined fields of Germany and Poland?

May I refer briefly to the contents of a book on Canada which I read years ago? The author was a German who assumed the name of "Ross." He came here in 1934 to investigate the riches of our country, and travelled through every province for that purpose. His first reaction was: What a magnificent country! What a rich country! But what a waste! He was struck by the small population of Canada. After his investigations he remarked, "What would Germany, with her industrial genius, not do with all this mineral wealth?" That gives us some conception of the wealth of our country.

To hasten her industrial progress and bring her to the fore as the richest province in Canada, Alberta needs today a population of from three to five million carefully selected people. This is the land of opportunity for young engineers, chemists and geologists, for specialized labour and rugged people who can stand the rigours of our winter climate and the hardships of the newcomers.

Honourable senators, I fear I have wearied you with my remarks; but as yet I have not enumerated half of the assets of Alberta. Do you know that today Edmonton is surrounded by oil wells—and still her citizens are maintaining their usual calm.

Before concluding this lengthy catalogue of the resources of my province, may I be permitted to say a few words about the natural beauties of Alberta and the character of its inhabitants? In 1882 the Marquis of Lorne, then Governor General of Canada, visited our province. He was so impressed with the grandeur and the magnificence of our mountains, so overwhelmed by the beauty of our natural and other scenery, that when he was invited to give the province a name, he proudly called it "Alberta" in honour of his wife. It has ever since remained Alberta, and our georgeous lakes still reflect the image of that beautiful princess.

Honourable senators may say to me that such a country, so endowed with all the gifts of nature, must necessarily have produced a people with a certain characteristic. Indeed it has. I know of no finer people in Canada than the inhabitants of Alberta. They are the salt of the earth. Like the torch which is kept burning under the Arch of Triumph in Paris in memory of the war dead, the spirit of the old-timers is kept alive in Alberta. Their hardships and their sufferings are remembered, and they are blessed for having led the way to this promised land. The people have taken root in the soil, and their optimism as to the future has no limits.

One characteristic is common to our people. I do not know whether it is because of the healthy and bracing air they breathe or the radiation of the rich mineral soil on which they live, but everyone has a heart of gold. Nowhere is hospitality more a virtue, more sincere and more cordial. Really, it is an enchantment to live among them and a sorrow to part from them.

Some Hon. SENATORS: Hear, hear.

Hon. R. B. HORNER: Honourable senators, coming as I do from the province of Saskatchewan, I cannot let the opportunity pass without saying that it is the only province, so far as I know, with a diamond mine. Any assistance this bill renders to gold mining should also be extended to diamond mining in Saskatchewan. I should warn honourable senators that in the vicinity of the diamond mine there is no hotel accommodation, and one must come with at least sleeping bag and a frying pan.

Hon. JOHN T. HAIG: Honourable members I was delighted with the addresses of the honourable senator from Cariboo (Hon. Mr. Turgeon) and the honourable senator from St. Albert (Hon. Mr. Blais), and while I do not wish to criticize them for their contributions, I should like to know what this bill is all about and what it proposes to do. I shall not attempt to inform the house as to what the bill proposes; it is not my duty to do so; but I fear that without some knowledge of the bill I might find when it reaches committee that I had voted unwisely on second reading.

As I understand it, the bill provides for a bonus payment of fifty per cent of the amount by which the cost of mining the gold exceeds $18 per ounce; this bonus in no event to be more than $16. If a mine requires more than that, it must secure it elsewhere. Further, the mine must produce 70 per cent gold. The difficulty the bill presents is this: Who in his right senses would put money into a mine for a period of three years, with all the attendant expenses and overhead costs, knowing that at the end of that period it must operate without outside assistance? If diamond drilling is what I understand it to be, tests can be made of what a mine will produce and what its possibilities are.

We have heard tonight from British Columbia, Alberta and Saskatchewan. I think it is appropriate that I refer to Manitoba, where a considerable part of one of the largest mines in the dominion is located. It was my privilege to visit this mining venture when it was only a pile of rock by the side of the road.

Hon. Mr. PATERSON: Does my friend refer to San Antonio?

Hon. Mr. HAIG: No. It is a much bigger mine than San Antonio.

Hon. Mr. MacLENNAN: Is that where they have had the recent floods?

Hon. Mr. HAIG: There are no floods there. I refer to the Flin Flon Mine. Nobody would have started that mine on the strength of this three years' guarantee; and the mine would not have been diamond-drilled unless the promoters had had a reasonably good idea that they could afford to spend $20,000,000 and yet obtain returns which would pay dividends.

The man who took over that mine spent a million dollars to discover a formula by which the gold, copper, zinc and sulphur in the ore could be separated. Consolidated Smelters could not do it, nor Anaconda, nor any of the other operating companies. But this man knew that the ore was in the ground and that his problem was one of separation.

I must candidly say that I do not believe this bill will do any good at all, because mining costs will soon overtake the advantage of the additional assistance. The first break I have observed in the spiral of rising prices occurred recently in the United States, when the Steel Corporation announced that it would cut the price of steel. The employees recognized that this meant that they could not ask for an increase of wages. But the underlying difficulty of the subject before us is the problem of costs.

I am sorry that I cannot agree with the views of the honourable senator from Cariboo (Hon. Mr. Turgeon). In my opinion we should not have resumed parity of the Canadian dollar with that of the United States. I know that readers of Toronto *Saturday Night* and publications of that type are provided with learned arguments why our money should be at par with that of our neighbours; but the deplorable fact remains that within six months after parity was decreed, our gold position in relation to the United States began to decline, and it has been slipping ever since. Indeed it holds its present position only because of our borrowings from the International Bank. The situation is that our people have lost the benefit of a percentage differential which, had it been retained, would have done far more for gold mining than can be done by a little piddling measure of this kind. I am disappointed that any honourable senator would rise in this chamber to defend such a bill. However, I noticed that the honourable senator from St. Albert (Hon. Mr. Blais) had not much to say along that line, and that the honourable senator from Cariboo (Hon. Mr. Turgeon) dealt with this question as briefly as he could; indeed I thought that what he was discussing was Karl Marx and Stalinism, and that he hardly got down at all to the subject-matter of the bill. I admire his ability: he knows that what we have before us is merely something to salve the consciences of the government in face of the demands of the gold-mining companies for help to carry on their industry.

Hon. Mr. PATERSON: May I interrupt the honourable member for a minute? Has he noticed that according to late reports, the production of gold in Canada is steadily increasing?

Hon. Mr. HAIG: Very slightly.

Hon. Mr. PATERSON: It is increasing.

Hon. Mr. HAIG: But very slightly. The position of large companies such as Hudson Bay Mining and Flin Flon is due to increases in the prices of copper and zinc. The same conditions account for the rise of Consolidated Smelters stock to 110. But such factors will have no effect upon the mines that we are talking about. The honourable senator cannot name one mine which this bill will help. I will give my honourable friend the chance, when I get through, of naming one; if he can do so, I shall be delighted to hear of it.

I do not believe that we in this house should put on the statute books legislation which in our heart of hearts we know will do no good. That, in my humble opinion, is all this bill amounts to. Personally it is a matter of indifference to me whether the measure becomes law or not. But one sure thing is that it will not cost the country much because it will not benefit the industry. In making that statement I believe I voice the opinion of mining men generally. By and large the people who are interested in gold mines feel that this is not a solution of their problem.

Hon. T. A. CRERAR: In some respects I am not greatly enamoured of this measure, but I am not so pessimistic about its possibilities as is the honourable leader of the opposition (Hon. Mr. Haig).

I doubt very much if the assistance available under this bill will promote the development of many new mines, but I definitely believe that it will quite usefully assist mines now in production which may be described as of a marginal character; that is, in which the grade of ore is fairly low and costs are steadily increasing. I do not think there can be any doubt that the provisions of this bill would materially assist such an enterprise; and, while I am not in the confidence of those who conceived or drafted the measure, I am pretty certain that that was one of the main purposes they had in mind. As to its effect on the establishment of new mines, that, I think, is problematical. Today gold is sold at a fixed price, and when you are selling a commodity at a fixed price and your costs are steadily mounting, with some uncertainty in the minds of investors as to the ultimate point those costs may reach, there is naturally hesitation in investing in new enterprises of this kind. I

anticipate that in the next few years conditions will crystallize, and then there will be more certainty.

I am not going to enter tonight into a discussion of whether the price of gold should be increased or currency should be devalued. That is no part of this bill. And what may be done in respect of currency adjustments and currency devaluations elsewhere than in Canada is, of course, unknown. I anticipate that what will happen in those other countries will have some effect on what we do.

However, I find myself in agreement with the main purpose of the bill, and that is why I rose to make my modest contribution to the discussion.

There is one feature of the bill to which, I think, attention should be directed. It introduces a new feature in regard to gold-mining. For the first time in our history we are invited to pass legislation which provides for the subsidizing of certain types of mines. On the general question of subsidies I have pretty definite views. I think we are getting, somewhat carelessly perhaps, into a realm where the recognized practice will be to give subsidies here and there and elsewhere. Every dollar that is paid in subsidies to maintain these marginal mines comes out of the taxpayer's pocket. I am one of those who in recent days has been trying to master the complications of an income tax return, and I know that paying taxes is never a pleasant proposition. I do feel that in the easy manner in which we appropriate public money for expenditures, we sometimes tend to forget that in the end this money must come from the taxpayers.

I look with a little foreboding to the future, when our volume of business and our national income, so-called, will not remain as it is today. We are now in the aftermath of the war, and business activity everywhere is buoyant; but I think we rather delude ourselves if we believe that this condition is going to continue for ever. The time is not so many years ahead when we shall be very carefully considering expenditures of one kind and another. I expect that within a few years the main topic in this country will be taxation. I must confess that I do not regret the coming of that time, because when taxation is criticized there follows a closer examination of expenditures which results in better government.

Honourable senators, I did not intend to take part in this debate. I hope the honourable leader opposite (Hon. Mr. Haig) will not mind my suggesting that I think there is some value in this bill and that it is not quite the innocuous thing he made it out to be.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. T. A. CRERAR moved the second reading of Bill F-7, an Act to incorporate Western Pipe Lines.

He said: Honourable senators, although this measure consists of some thirty-three sections, the principle is quite simple. The purpose of the bill is to incorporate a company to transmit natural gas from the district of Calgary, Alberta, to Winnipeg and intermediate points.

This bill is unique in that it is the first to provide for the transmission of natural gas from one province into two other provinces. The method involved is not new, because it has been in use in the United States, where there are over 60,000 miles of main transmission pipe lines.

Hon. Mr. ASELTINE: For natural gas?

Hon. Mr. CRERAR: Yes. Natural gas is piped from Texas to a point as far distant as the city of Detroit.

There is an abundance of natural gas in Alberta, and although at one time a great deal of it was wasted, a few years ago that province set up a conservation board to regulate the output of both oil and natural gas. The board very wisely seeks to conserve oil and natural gas and to prevent wastage. As happened in the Turner Valley, gas is often discovered when drilling for oil. A type of wet gas exists from which naphtha can be extracted, leaving a dry gas that is suitable for the purposes contemplated in this bill. Another interesting fact that I discovered when studying this bill is that natural gas has about double the heating or energy units possessed by gas produced from coal.

There is nothing unusual in the powers granted by this bill. The company's collection of gas in Alberta will be subject to the regulations of that province, and the sale of the gas in the various intermediate points to which it is to be conveyed will be subject to whatever municipal or local regulations exist at those points. The pipe line is declared to be a work for the general advantage of Canada because it will pass through three provinces. The provisions governing the securing of the right of way for laying a pipe line are found in the Railway Act.

Hon. Mr. HUGESSEN: Are the transportation charges also subject to the Railway Act?

Hon. Mr. CRERAR: I do not think the bill provides for that, but I think it is probably so, for a good reason. I am informed that in the transmission of gas through a pipe line it is not possible to use the same procedure as is followed when transmitting oil. That is to say, the pipe line could not be made of general service to gas-producing companies. I am not certain of the facts, but this matter can be dealt with in committee. My understanding is that oil can be measured when it is being put into the pipe line, but it is rather difficult to measure the gas.

Hon. Mr. HUGESSEN: It depends on pressure.

Hon. Mr. CRERAR: Yes, and upon various other factors. I would not atempt to inform the house on this particular point. As I say, it is a matter which can be inquired into when the bill goes to committee.

I was about to say that the provisions of the Railway Act with respect to the acquisition of right of way will apply in this case. In developing its enterprise and building its works the company has to secure the approval of the Board of Transport Commissioners.

Further explanations may be required in committee, and possibly some change may be found desirable. The principle of the bill is to incorporate a company for the piping of natural gas from Alberta as far as Winnipeg, and to serve intermediate points, and with power to build branch lines to serve more distant points. As an illustration, if the pipe line followed a fairly direct course from Calgary to Winnipeg, it might be necessary to build a branch line to serve the city of Saskatoon, or Yorkton or Prince Albert.

Hon. Mr. ASELTINE: Or Rosetown.

Hon. Mr. CRERAR: Or Rosetown.

Hon. A. L. BEAUBIEN: May I ask the honourable gentleman if the project is to be declared a work for the general advantage of Canada? If it is, will the company's charges have to be approved by the provincial Public Utilities Commission which controls light rates, streetcar fares and so on?

Hon. Mr. CRERAR: I am informed that that will be the case. The works are declared works for the general advantage of Canada. I do not know just what particular virtue there is in that.

Hon. Mr. FARRIS: Surely that would take them out of the control of the provincial Public Utilities Commission.

Hon. Mr. CRERAR: I understand not. I am advised that the rates, for instance, would be under the municipal authorities. However, that point can be cleared up in committee.

Hon. Mr. GERSHAW: May I ask if the Province of Alberta has been consulted and has given its sanction to this bill? Natural gas fields sometimes become exhausted, and it seems to me that the province which owns the resources affected by this bill would be much interested in any project to pipe them away to other parts of the country.

Hon. Mr. CRERAR: I am informed that the promoters of the bill have discussed the matter with the appropriate provincial authorities, including, I presume, the Alberta minister who has to do with natural resources, and that there is no objection on their part to this development. I should think that if a shortage of natural gas arose in the future, Alberta would still retain power to serve its own citizens first. The assumption seems to be that in Alberta there are almost unlimited quantities of this natural gas, as there are in the United States, and that this undertaking will provide a market for gas and will increase the production of naphtha or oils from wet gases and be of general service to the whole country.

Hon. Mr. LEGER: So far as I can see, there seems to be no limit upon the amount of money that this company may borrow and the bonds that it may issue. I hope the honourable senator from Churchill (Hon. Mr. Crerar) will take that into consideration.

Hon. Mr. CRERAR: The capitalization of the company is to be 2,500,000 no par shares.

Hon. Mr. LEGER: That is all right, but it is the borrowing power that I am thinking of.

Hon. Mr. CRERAR: There is a section dealing with the borrowing powers.

Hon. Mr. LEGER: Section 30.

Hon. Mr. CRERAR: Section 30 says:

> If authorized by by-law, duly passed by the directors and sanctioned by two-thirds in value of the subscribed stock of the votes cast at a special general meeting of the shareholders duly called for considering the by-law, the directors of the company may from time to time:
>
> (a) borrow money upon the credit of the company;

And so on.

Hon. Mr. LEGER: But there is no limit to the borrowing power, as there usually is in a bill to incorporate a company.

Hon. Mr. CRERAR: I should think one limitation is in the fact that the company has to get approval of two-thirds of its shareholders. And besides that, it could not market securities or borrow money beyond what lenders thought its credit was worth.

Hon. Mr. JOHNSTON: Who are the promoters or provisional directors?

Hon. Mr. CRERAR: The provisional directors are mentioned in section 2.

Hon. Mr. JOHNSTON: I have not a copy of the bill.

Hon. Mr. CRERAR: Section 2 says:

> Lionel D. M. Baxter, financial agent, Edward A. Nanton, broker, David A. B. Murray, broker, Gordon P. Osler, broker, and Harold G. Tucker, insurance manager, all of the city of Winnipeg, in the province of Manitoba, are incorporated under the name of Western Pipe Lines.

The company is promoted by the firm of Osler, Hammond and Nanton, in the city of Winnipeg.

Hon. A. L. BEAUBIEN: Section 9 reads:

> 9. The company may, for the purpose of its undertaking; (a) enter into and upon any Crown land owned or held either in the right of the Dominion of Canada or of the provinces of Alberta, Saskatchewan and Manitoba, without previous licence therefor, or into or upon the land of any person whomsoever lying in the intended route of the said pipe line or lines, and make surveys, examinations or other necessary arrangements on such land for fixing the site of the pipe lines and set out and ascertain such parts of the land as are necessary and proper for the same.

In other words, this gives the company power to go on to lands owned by the Crown, either in the right of the dominion or of the province, without any permission at all. It seems to be a very dangerous section.

Hon. Mr. CRERAR: The company would go about securing land for its pipe lines in the same way as a railway company would go about getting a right of way.

Hon. A. L. BEAUBIEN: Then the company will surely not be under the control of the provincial Public Utilities Commission, will it?

Hon. Mr. CRERAR: I think so. If it pipes gas to Winnipeg, for instance, its rates will have to be competitive, in any event, with the charges for electrical energy and other fuels, and my understanding is that they will also be subject to provincial and municipal regulations.

Hon. A. L. BEAUBIEN: Not if the work is declared to be for the general advantage of Canada, because then it will come entirely under the Board of Transport Commissioners.

Hon. Mr. CRERAR: I do not think my honourable friend is right, but that is a matter we can thrash out in committee.

Hon. Mr. PATERSON: Clause (g) of section 9 says that the company may, for the purpose of its undertaking:

> lay or construct the pipe lines in, upon, across, under or over any railway, tramway or body of water.

Just imagine laying a pipe line upon a railway or tramway!

Hon. Mr. CRERAR: What the company does in that respect will have to be approved by the Transport Board.

Hon. Mr. HUGESSEN: Yes, under section 13.

Hon. Mr. CRERAR: I do not think there is any doubt about that.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. CRERAR moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRIVATE BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Natural Resources to Bill P-5, an Act to incorporate the Canadian Co-Operative Livestock Packers Limited.

Hon. Mr. JOHNSTON moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. JOHNSTON: I move third reading of the bill now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. HAIG moved the second readings of the following bills:

Bill K-7, an Act for the relief of Ella Margaret McLaughlin Baisley.

Bill L-7, an Act for the relief of Mavis Aurelia Leney Ogilvie Walker.

Bill M-7, an Act for the relief of Joanna Wright Farrell.

Bill N-7, an Act for the relief of Margaret Patricia Jones Gavey.

Bill O-7, an Act for the relief of Selma Rattner Fridhandler.

The motion was agreed to, and the bills were read the second time.

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. HAIG: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

Statement by the International Monetary Fund issued December 11, 1947

The International Monetary Fund has a responsibility to see that the gold policies of its members do not undermine or threaten to undermine exchange stability. Consequently, every member which proposes to introduce new measures to subsidize the production of gold is under obligation to consult with the fund on the specific measures to be introduced.

Under article IV, section 2, of the articles of agreement of the fund, members are prohibited from buying gold at a price above parity plus the prescribed margin. In the view of the fund a subsidy in the form of a uniform payment per ounce for all or part of the gold produced would constitute an increase in price which would not be permissible if the total price paid by the member for gold were thereby to become in excess of parity plus the prescribed margin. Subsidies involving payments in another form may also, depending upon their nature, constitute an increase in price.

Under article IV, section 4(a), each member of the fund "undertakes to collaborate with the fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations". Subsidies on gold production regardless of their form are inconsistent with article IV, section 4(a), if they undermine or threaten to undermine exchange stability. This would be the case, for example, if subsidies were to cast widespread doubt on the uniformity of the monetary value of gold in all member countries.

Subsidies which do not directly affect exchange stability may nevertheless contribute directly or indirectly to monetary instability in other countries and hence be of concern to the fund.

A determination by the fund that a proposed subsidy is not inconsistent with the foregoing principles will depend upon the circumstances in each case. Moroeover, the fund may find that subsidies which are justified at any one time may, because of changing conditions and changing effects, later prove to be inconsistent with the foregoing principles. In order to carry out its objectives the fund will continue to study and to review with its members their gold policies and any proposed changes to determine if they are consonant with the provisions of the fund agreement and conducive to a sound international policy regarding gold.

Statement by the International Monetary Fund issued on December 11, 1947, for release in the morning papers of December 12, 1947

The Canadian government has consulted with the fund regarding its proposed gold production subsidy and has today made an announcement on this subject. The fund has examined the present Canadian proposal in the light of its own general statement of policy published today. The fund has determined that in the present circumstances the proposed Canadian action is not inconsistent with the policy stated by the fund.

Press Release by National Advisory Council

The United States government welcomes the statement of the International Monetary Fund respecting measures to subsidize the production of gold. The expressed intention of the fund to keep under review the gold policies of its members in the light of a sound international gold policy is an important forward step in the field of international financial co-operation.

The United States, as a gold-buying country, has a peculiar and continuing interest in the role which gold subsidies may come to play in the production, movement and price of gold. In particular, the United States would view with disfavour any tendencies for countries to become dependent on subsidized gold production as a solution to the problem of arriving at and maintaining equilibrium in the balance of international payments.

In the view of the council there are no grounds which would justfy instituting a subsidy to encourage the production of gold in this country. The present gold stocks of the United States amount to no less than $22·7 billion. In the first eleven months of 1947 gold purchased by the United States from foreign countries amounted to $2·7 billion.

THE SENATE

Tuesday, April 27, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved third readings of the following bills:

Bill K-7, an Act for the relief of Ella Margaret McLaughlin Baisley.

Bill L-7, an Act for the relief of Mavis Aurelia Leney Ogilvie Walker.

Bill M-7, an Act for the relief of Joanna Wright Farrell.

Bill N-7, an Act for the relief of Margaret Patricia Jones Gavey.

Bill O-7, an Act for the relief of Selma Rattner Fridhandler.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DAIRY INDUSTRY BILL

SECOND READING

The Senate resumed from Wednesday, April 21 the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend The Dairy Industry Act.

Hon. Mr. HOWARD: This bill has been on the order paper for a long time. I believe that someone is to speak on it today. Tomorrow the government leader (Hon. Mr. Robertson) will speak, and then, of course, the honourable senator from Waterloo (Hon. Mr. Euler) will close the debate, and we shall have a vote.

Hon. G. P. CAMPBELL: Honourable senators, I desire to add a few words to what has been said in support of this bill to amend the Dairy Industry Act. Before I discuss the merits of the measure, however, may I compliment the honourable senator from Waterloo (Hon. Mr. Euler) for his courage and persistence in keeping this legislation before the house and this issue before the public. There is great public interest in the bill; never before, I believe, has popular opinion shown itself so strongly in favour of any other measure which has come before us.

In trying to reach a conclusion on the matter, I am sure that all of us respect the points of view expressed by others who have taken part in the debate. It may be said, I think, that hardly any person either in this house or in another place does not, in principle, favour the removal of the ban against the importation, manufacture or sale of such a wholesome food product as margarine. One consideration which prevents some honourable members from supporting the bill is their honest conviction that it may cause some injury to those engaged in the dairy industry. In the course of the present debate many speakers have argued that the passage of the measure would seriously injure the farming community as a whole. It seems to be assumed that producers in every branch of farming are opposed to such legislation. I do not believe that that is so. In many sections of this country—and I speak particularly of Ontario—there are farmers who wholeheartedly support the removal of the present prohibitory law. Some of them are engaged in the dairy industry, but they are convinced that if the prohibition against the importation of margarine were removed the volume of butter sales would not be affected. I for one believe that competition is good for almost any industry or line of business.

When we come to analyse the real issues involved in this bill we find, first, that oleomargarine is now recognized by medical journals, by medical science, and by everyone in a position to know the facts, as a wholesome food product.

In the second place, the manufacture and sale of oleomargarine is permitted in every other country in the world. Canada alone prohibits not only its importation but also its manufacture and sale. I submit that there is no reason why the prohibition should be continued in Canada when they do not find it necessary in so many other countries that are dependent upon dairying as one of their chief industries.

Third, I submit that the butter shortage of today is even greater than it was following the last war. Consequently we must assume that the dairy industry has been unable to keep up its production in order to supply the wants and needs of the Canadian people; and of course it is prohibited from exporting its products to other countries. As long as the public is prohibited from buying any substitute for butter this shortage will continue to exist.

Fourth, we find a tremendous demand from all classes of society for oleomargarine as a substitute for butter. I believe that one of the best letters I have seen on this subject appeared in Saturday's edition of the Toronto *Globe and Mail*. It is written by a Mrs.

Joseph Day of Chatham, Ontario, a city which, I suppose, is superior to Winnipeg in that it is situated in the banner county of Kent where a considerable amount of dairying is carried on. Mrs. Day expresses the point of view of many people throughout the entire country, and such a letter must carry a good deal of weight. It is headed, "No butter, no margarine, no help", and with leave of the Senate I should like to read it:

When doing my week-end marketing last week the grocers were doling out butter in half-pounds, one to a customer. My dairyman, from whom I get my butter, has been doing the same, and Sunday morning when I asked for butter he told me his supply was used up Saturday and he would not have any more until Tuesday.

This week the newspapers give us the encouraging information the supply of butter will be ample in June, so in the five or six weeks interim it is evident that the present shortage must continue, and of course the use of margarine prohibited.

The question might well be asked, does our Government represent the dariy industry or does it represent the citizens in general who elected it and whose interests it is pledged to promote? I quote from Adam Smith's *Wealth of Nations*: "In every country it is always in the interests of the great body of the people to buy whatever they want of those who sell it the cheapest."

One wonders just how long we must continue to be patient with this miscarriage of justice against the public, when just a little courage, fairness and honest statesmanship is all that is necessary to have Canada benefit from the manufacture and sale of this wholesome and much-needed food product.

Honourable senators, I think that letter expresses the view of many Canadians who feel that to continue the prohibition against the importation, manufacture and sale of a wholesome food product which is in short supply in Canada, is to deprive them of a right which they as individuals should have in this country. It is for these reasons that I strongly support this bill at the present time.

In considering the prohibitory legislation it is rather interesting to review its history. I think it was the late senator from St. Catharines who so ably touched upon this during the debate last year. He pointed out that in order to get jurisdiction to pass the legislation the federal parliament inserted in it a recital declaring that the butter substitute, or oleomargarine, was unfit for human consumption. I submit that at the time that was the only way in which the Dominion parliament could get power to pass a law prohibiting the manufacture and sale of the product in any of the provinces of Canada. That recital was dropped from the legislation during the consolidation of the statutes following 1886.

Since then various acts have been passed, and without discussing them in detail I should like to make a reference to them for the record. In 1903 an act, cited as the Butter Act, 1903, was passed to prohibit the importation, manufacture or sale of adulterated, processed or renovated butter, oleomargarine, butterine or other substitutes for butter and to prevent the improper marketing of butter. In 1906 the law was re-enacted in almost identical form, and is to be found in the Revised Statutes of Canada 1906, Chapter 85, Part 8. The Dairy Industry Act, 1914, 4 and 5 George V, Chapter 7, was passed in 1914 to regulate the manufacture and sale of dairy products and to prohibit the manufacture or sale of butter substitutes. Then in 1919, when a butter shortage developed in this country, the government took the initiative in introducing a bill which permitted, under certain conditions, the importation, manufacture and sale of oleomargarine. That measure, which was passed by parliament, became the Oleomargarine Act, 10 George V, Chapter 24, and permitted the importation of oleomargarine into Canada until the 31st of August, 1920, and the sale until the 1st of March, 1921. In 1920 the time for the importation and manufacture of the product was extended until August 31, 1921, and for the sale, until March 1, 1922. In 1921, as there was still a shortage of butter, the act was again extended to permit importation and manufacture until August 31, 1922, and sale until March 1, 1923.

Hon. A. L. BEAUBIEN: Was that extension made by order in council?

Hon. Mr. CAMPBELL: No, the extension was made by act of parliament in each case. In 1922 an act was passed extending permission for the importation and manufacture until August 31, 1923, and for the sale until March 1, 1924. From that time on there were no further extensions.

I submit to honourable members that at that time the government considered it necessary to provide the Canadian people with a substitute for butter, and that oleomargarine then was not as valuable a food as it is today. I think we will all agree that the national income of this country in those days was not anything like what it is at present, and that the demand for butter or butter substitute was not as great as it is now. Further, the fact is that the milk producer has outlets today which he never had before.

It seems to me, honourable senators, that since we have no record of any damage having been done to the dairy industry of this country during the five-year period following the last war, we can assume that no damage would be done to this industry if the ban on oleomargarine were removed, as it has been in other countries.

Hon. Mr. LEGER: Can the honourable senator tell me why the law was repealed, if there was no damage done?

Hon. Mr. CAMPBELL: The legislation permitted the sale, importation and manufacture of oleomargarine. The original act was never changed. It remained on the statute books as a prohibition; but enabling legislation was passed from time to time to permit—

Hon. Mr. QUINN: It ran out at a specified time.

Some Hon. SENATORS: No.

Hon. Mr. QUINN: It was enacted only for a specified period.

Hon. Mr. CAMPBELL: Yes. Legislation was enacted during the period from 1919 to 1922.

Hon. Mr. QUINN: And it was extended from year to year.

Hon. Mr. CAMPBELL: That is true; and in spite of the prohibitory law it permitted the importation, manufacture and sale of oleomargarine within Canada. From 1922-1923 no further extensions were granted.

Hon. Mr. QUINN: It expired automatically, did it not?

Hon. Mr. CAMPBELL: It expired automatically.

Hon. Mr. HAIG: Will the honourable gentleman please answer a question concerning a point which I have never quite understood? The same government was in power in 1924 as in 1922; this particular legislation was extended to 1924, and then stopped. Why did not the government enact a general law?

Hon. Mr. CAMPBELL: I cannot answer that question. Perhaps some honourable senator who was in the cabinet at that time could supply the information. The honourable gentleman from Waterloo (Hon. Mr. Euler) would know the answer. I would assume that it was then because of pressure from the dairy industry—

Hon. Mr. EULER: Exactly.

Hon. Mr. CAMPBELL: —which prevented the prohibitory law from being taken off the statute books and also prevented further extensions being granted.

Hon. Mr. EULER: The same reasons we have now.

Hon. Mr. CAMPBELL: With respect, I say that the only reason any honourable member of this house, or of the other place, would have for voting against this bill would be political pressure brought to bear by an important group in this country.

Hon. Mr. LEGER: My friend is assuming a great deal when he says that.

Hon. Mr. HAIG: May I ask my friend if he was in the house when the honourable gentleman from Churchill (Hon. Mr. Crerar) spoke the other day?

Hon. Mr. CAMPBELL: I was not.

Hon. Mr. HAIG: I am sorry, because he gave the reason why certain things happened.

Hon. Mr. CAMPBELL: I submit, with all respect to the dairy industry, that it will not be harmed by the removal of this prohibitory law, thus permitting oleomargarine, butterine, or any other butter substitute to be imported, sold and distributed within Canada. If any argument for its removal is needed, one can point to other countries, particularly Denmark, where, I am told, the farmers who make and sell butter buy margarine.

Hon. A. L. BEAUBIEN: But the people of that country do not consume twenty-eight pounds of butter per capita. They export it.

Hon. Mr. CAMPBELL: True, they do not consume as much as we do. We consume more butter than the people of any other country in the world. But if that is true, our need for more butter, or a substitute for it, is greater than that of any other country.

From time to time the dairy industry and other branches of farming have argued that they should be permitted to export their products abroad. I entirely agree with that contention. I am opposed to any prohibition against export; but at the same time, as long as the farmers stand in the way of the importation of a butter substitute I feel that they cannot say much in support of their contention that they should be permitted to send their products abroad.

I should like to deal for a few moments with certain provisions of the Dairy Industry Act which to me are beyond the competence of the Parliament of Canada to enact. So far as the manufacture of oleomargarine, butterine or any other butter substitute within any province for distribution in that province is concerned, I submit that it is a matter of property and civil rights, which under the provisions of the British North America Act are wholly within the competence of the provincial government. So far as the provisions of the Dairy Industry Act are concerned, I believe that any attempt to prohibit the manufacture and sale of a product within the province of Ontario is *ultra vires* of the Parliament of Canada. If that is so, as I submit it is, I contend that the law should be amended at least to that extent.

It is rather difficult to advance an argument on this subject that has not already been touched upon. I therefore shall not detain the house at any great length this afternoon. But I wish to point out that this bill, if passed, will give the people a right to which they are entitled as individuals within this country, and failure to pass it is tantamount to legislating in favour of a certain class and against the great masses who so often have expressed their views on this subject.

I submit, honourable senators, that this house is the proper place for this legislation to originate. It is the place where such a measure should be carefully studied. I suggest to honourable members that tomorrow we should vote in favour of second reading, and then refer the bill to a committee where its various provisions and their effect upon the dairy industry can be inquired into. I repeat that certain provisions of the Dairy Industry Act as it now stands on the statute books, are *ultra vires* of the Dominion Parliament.

I am sure honourable members are strongly in favour of the removal of this prohibitory law; and if that can be done without injury to the dairy industry, no one in this house or the other should raise any objection. I think it unique that in the other house there are political parties who claim to represent the masses of the people—probably even more so at times than the government—but who do not speak out on behalf of the masses of people in the cities who cannot secure butter either because they are unable to pay the high prices or, if they can pay them, because none is available. I believe that every member of either house who looks at this proposal sensibly, honestly and fairly, will come to the conclusion that the prohibition should be removed. Then if any steps are necessary for the protection of the dairy industry by way of duty, as has been advocated by some members, that matter can be faced in the usual way and protection can be given.

In conclusion I would remind honourable senators that one cannot point to the product of any other industry in this country which is in such demand as margarine and against which there is a prohibition to manufacture. To say that we should continue this prohibition as a protection seems to me to be undemocratic, wrong in principle and un-Liberal.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: What does my friend think of the several other prohibitions in force for the protection of certain classes of industry in this country? Why not have those removed first?

Hon. Mr. EULER: What are they?

Hon. Mr. HORNER: For instance, the eastern fur farmer is protected by a prohibition against the shipping of horses to the United States for fox meat. That prohibition is for the protection of the fox raiser in eastern Canada.

Hon. Mr. EULER: But there is no prohibition against competition within Canada in the industry of fox farming, as there is with respect to margarine.

Hon. Mr. HORNER: There is a prohibition, and it affects the man who wishes to sell his horses.

Hon. A. K. HUGESSEN: Honourable senators, I am rising to take part in this debate for one reason only. My view on this legislation is well known. I supported it two years ago, I supported it last year, and I have every intention of supporting it when it comes to a vote tomorrow.

The reason I wish to say a word or two this afternoon arises out of something which has taken place since our debate of last year. As honourable members who come from Montreal may know, we have in that city a body known as the Welfare Federation, a charitable organization whose object it is to look after the interests of the Protestant poor of our city. In years past I had something to do with that organization, and it so happens that for a number of years I was the president of the Child Care Agency under the federation.

One of the bodies which forms a constituent part of the Welfare Federation is known as the Family Welfare Association. Some two or three months ago the board of directors of that body adopted unanimously a resolution asking for the removal of the prohibition on margarine. I wanted to know why that resolution was adopted, and in order to find out I got in touch with the secretary of the Family Welfare Association. This is what I discovered. The association deals with several thousand people of the Protestant faith in Montreal who are among the very poorest members of our community —people who for some reason or another, through no fault of their own, have no incomes or very small incomes; and it is the business of the association to supplement their resources by a small daily sum with which they can purchase food. Now I am told that, as a consequence of the increase in the cost of butter and of the general increase in the price of food, the present position is that these unfortunate people have not sufficient

means with which to buy butter; and they cannot buy anything else to spread upon their bread. There are similar organizations dealing with the very much larger French-speaking community, with the English-Catholic community, and with the Jewish community, and all these are in the same position. In this one city of Montreal, from which I come, many thousands of our poorest people are not able to buy anything to place upon their bread. So the effect of this prohibition is to protect the interests or the supposed interests of the dairy industry at the expense of the very poorest of our population, for what I have said holds good, I am sure, not only of Montreal but of all the larger and smaller urban centres of the country.

With every other honourable senator, I believe that the farming population has the right to its fair share of the national income. I have always believed that, and I am sure that every other senator has too. But when one attempts to defend the protection of a portion of the farming population at the cost of the poor, I may be allowed to quote an old tag remembered from the days when I learned Latin: *non tali auxilio nec defensoribus istis*—which means, as all honourable senators know, not with help such as that nor with weapons such as those.

I suggest to honourable senators that the method we should adopt to ensure the well-being of our farming population—in which, of course, I include the dairy industry—should be very different from one which has the effect which I have mentioned. The tendency in the past few years has been to put forward legislation designed to assure our farming population of its fair proportion of the income of the country. This policy can be exemplified, perhaps, by the wheat agreement with Great Britain, whereby the farmer gets a fair price for his wheat regardless of what the market price may be. Let me also exemplify the legislation which we adopted two years ago—

Hon. Mr. HORNER: So far it amounts to a dollar a bushel less than the farmer would have received on an open market. That is all the help he has had from that source.

Hon. Mr. HUGESSEN: But I do not think my honourable friend from Blaine Lake will deny that he is getting a price which gives him a profit on his cost of production.

Hon. Mr. HORNER: I will deny it. When a man harvests only two or three bushels to the acre and has to feed cattle six months in the year, I say it is not a profitable deal.

Hon. Mr. HUGESSEN: I do not propose to enter into a controversy with the honourable senator from Blaine Lake on the subject of wheat growing, about which he knows a great deal more than I do. But I was going to say that there are other kinds of legislation which we have adopted in the last few years, along lines upon which we in this parliament can proceed, to provide a decent income for the dairy farmer. For example, there is the legislation that we put through two years ago to provide a floor for agricultural prices. It may well be that in future the treasury of this country will have to come to the support of the dairy farmer, if it should turn out that he is not getting a fair return for his product. And that, I say, is the method which you should adopt if you wish to protect the dairy industry: not the method which is inherent in the existing legislation. The present act, I should point out, was never designed for the protection of the dairy industry at all, but was brought in as a health measure, and a health measure alone; but by some strange metamorphosis over a period of years it has turned into and become a measure which is supposed to be in the interests of the dairy industry.

Hon. Mr. HORNER: I take it that the honourable senator has never read the speech of the late Dr. Motherwell on that legislation, or he would not say that its purpose was to protect the dairy farmer.

Hon. Mr. HUGESSEN: I never knew before that my honourable friend was a supporter of the late Dr. Motherwell. I am glad to know that he was.

As I have said, honourable senators, the only reason I entered this debate was to bring before the house the situation of the people in our large cities, who are in the most desperate poverty; and my only purpose in venturing to inflict these remarks on the house is that I feel I could not return to Montreal and face the people of my city without putting myself on record as being in favour of this legislation.

Hon. J. J. KINLEY: Honourable senators, in rising to speak on the bill which is before the house, I may state that I voted against it last year, when it was defeated, and that I am still of the same opinion and shall vote against it again.

I was interested in the remarks of the two last speakers. They seem to be the heavy artillery of those in favour of margarine: two eminent corporation lawyers, called upon to advocate the interests of the under-privileged in this country. I compliment them on their interest, and assure them that all of us share

it and are trying to do what we can, as we see our duty, on behalf of the under-privileged.

Hon. Mr. HUGESSEN: Do it in a practical way, then.

Hon. Mr. KINLEY: For the first time in many years this bill has found a sponsor in the lower house. There are four parties and several independent groups in the lower house, and not one of them has adopted the principle of this bill as a policy. If the statement made by my honourable friend from Toronto (Hon. Mr. Campbell) about the mass of public opinion in this country is true, we should find at least one of these parties making this principle a plank in their political platform.

I was rather surprised at the speech made by the honourable senator from Churchill (Hon. Mr. Crerar) and also at the one delivered by the honourable senator from Toronto this afternoon. They suggest that the reason we oppose this bill is that we fear a pressure group of the dairy industry and, therefore, that the people who have supported the existing law for the last twenty years must have had an ulterior motive. I think they put too low an estimate on the standard of our public life.

Hon. Mr. CRERAR: Honourable senators, I want to correct my honourable friend. In my remarks on the bill there was no such implication as he now states.

Hon. Mr. KINLEY: I have *Hansard* before me. I shall not argue with my honourable friend, but I shall read what he said.

Hon. Mr. CRERAR: Very good.

Hon. Mr. KINLEY: At page 332 of *Hansard* my honourable friend is reported as follows:

> The Dairy Council of Canada has been quite active in pressing its point of view. I have no fault to find with it for that; but it must equally afford to others the right of presenting their point of view. So long as the Dairy Council confines itself to argument, I have no objection whatever; but I object decidedly to the gentle intimation sometimes given that if this measure goes through those who support it in parliament will be marked men. I resent that sort of thing with all my being, because it is a degradation of our whole democratic concept of government.

Then my honourable friend went further in his remarks, and at page 334 of *Hansard* I find that he said this:

> If it were not for the fear that someone somewhere would endeavour to exploit margarine to prejudice the people in the matter of elections, there is no doubt that parliament would accept this proposed measure without delay.

My honourable friend even went further when he said that he suffered a personal defeat in the federal elections of 1930 largely by reason of a controversy then current about butter in Canada.

Hon. Mr. CRERAR: My honourable friend should be fair. What I indicated in my remarks was that I was opposed to that sort of thing. If my friend thinks there is no exercise of pressure by groups, he had better go up to the telegraph offices and check the number of telegrams that have come into this building in the last few days.

Hon. Mr. KINLEY: They must have forgotten me, because I received only one.

Hon. Mr. CRERAR: They did not forget me.

Hon. Mr. KINLEY: I have just quoted from *Hansard* what the honourable senator said, and my observation in reply is that he places a very low estimate on the standard of public life in this country over many years. Parliamentarians are not afraid of losing votes, nor do they want to favour one group rather than another. They possess a sense of justice and fair play and will not vote for something simply because everybody in the country is clamouring for it. If it is true that everybody in Canada is clamouring for the passage of this bill—you cannot have it both ways—why should anyone who is scared of the majority be scared also of the minority?

A recent Gallup poll shows that of the people who were approached, 80 per cent were in favour of margarine. I am not surprised at that. There has been terrific pressure from the urban press in Canada and the United States for the sale of oleomargarine.

Hon. Mr. DAVID: Why? It is because the public want it.

Hon. Mr. KINLEY: It may be because the love of money is the root of all evil.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. EULER: Does my honourable friend suggest that our newspapers are being bribed to publish the honestly-expressed opinions of their readers?

Hon. Mr. KINLEY: I have here before me a big advertisement from *Life* magazine, which is one of the most glamorous publications in the United States.

Hon. Mr. EULER: It is an American magazine?

Hon. Mr. KINLEY: Yes.

Hon. Mr. EULER: What about a Canadian magazine?

Hon. Mr. KINLEY: Wait a minute. Only the wealthy could buy that kind of advertis-

ing. In the same number of the magazine appears an editorial entitled "Margarine vs Butter," which is a splendid article in support of the promotion of margarine. There is the situation.

Hon. Mr. EULER: That is in the United States.

Hon. Mr. KINLEY: I can quite understand why the urban press of this country would be in favour of margarine. Some people believe that if this bill were passed a favourable economic condition would prevail, and they look at it without having regard to a long-term principle which affects the best interests of our country.

Honourable senators, I would say the policy of any government is expressed in its legislation. The ban placed on margarine is to be found not only in our dairy legislation but also in the schedule of the Customs Act. My honourable friends must know that the passage of this bill by parliament would not allow margarine to be imported into Canada.

Hon. Mr. EULER: Why?

Hon. Mr. KINLEY: Because its importation is prohibited by the schedule to the Customs Act, which is government policy, and government policy is only changed by the budget. Until the budget and the Customs Act are changed the importation of margarine will be banned.

Hon. Mr. EULER: What is there in the Customs Act which prohibits the importation of margarine?

Hon. Mr. KINLEY: It is prohibited by the schedule to the act.

Hon. Mr. CRERAR: My honourable friend (Hon. Mr. Kinley) is quite mistaken. It is prohibited by a specific law made for that purpose.

Hon. Mr. KINLEY: My honourable friend (Hon. Mr. Crerar) has had more parliamentary experience than I have had, but he had better read the statutes, because the schedule to the Customs Act provides that the importation into Canada of oleomargarine, among other items, is prohibited.

Hon. Mr. CRERAR: It is prohibited by the Dairy Industry Act.

Hon. Mr. KINLEY: I did not say otherwise; but it is prohibited by the Customs Act, and that represents the policy of the government. Here in the Senate I am speaking publicly, and if my honourable friends find anything wrong they can come and tell me; but I advise the two honourable veterans that they are wrong.

Hon. Mr. EULER: What is your point? If the prohibition already exists in the Dairy Industry Act what is added by putting it into the Customs Act?

Hon. Mr. KINLEY: I am just stating the facts, and my honourable friend can analyse them as he likes.

My friends have tried to bring in the Geneva agreement, and they argue that we who oppose this bill are outmoded because that agreement states that we must allow oleomargarine to come into Canada. I was surprised to hear that we had let our internal affairs become the subject of international dictation; but when I read the agreement and the charter, with my layman's eyes I could find nothing which would stop us from banning the importation of margarine if we wanted to ban it. I noticed that the two legal senators who spoke today did not stress that point either.

Honourable Mr. St. Laurent made a statement in reference to this matter. It appeared in the *Halifax Chronicle* of Tuesday, March 2, 1948, under the heading "Restrictions on margarine can only be removed by parliament St. Laurent says". The article reads as follows:

> Restriction on Canadian importation or manufacture of margarine is the responsibility of parliament and will not be affected by the international trade agreements under revision at Havana, External Affairs Minister St. Laurent told the annual convention of the National Dairy Council here today.
>
> Mr. St. Laurent told how prohibition of manufacture and sale of margarine has been part of the Canadian Dairy Act for a quarter of a century and he said the question of lifting the restriction "arises out of the international trade agreements."
>
> One of their general provisions is that no one of the contracting parties shall institute or maintain prohibition against the importation into its territory of the products of another contracting party, except in certain specified cases.

Hon. Mr. DAVID: Amen!

Hon. Mr. EULER: You are making our argument now.

Hon. Mr. KINLEY: The article continues:

> We in Canada are very much interested in a rule of that kind as a general rule which would facilitate the entry of our surpluses into the markets of all the contracting countries, said the speaker. He added, however, that provisional application of the Geneva agreement does not require Canada to alter its prohibition against the importation of margarine, and revision of the agreement at Havana will not affect the dairy industry.

Hon. Mr. LAMBERT: May I ask what my honourable friend is reading from?

Hon. Mr. KINLEY: I am reading from an article in the *Halifax Chronicle*, a very good newspaper.

The act will remain as it is unless and until parliament sees fit to change it, said Mr. St. Laurent.

If there is anything in the agreement which would require parliament either to refuse to ratify it and thus lose the substantial benefits it means to Canada's trade, or accept it to get those benefits and have to repeal its prohibition against the importation of oleomargarine, there is nothing and there will be nothing to prevent parliament, if it sees fit to do so, to replace that prohibition by just as high an import duty as parliament may feel is proper or just as high an excise tax as parliament may decide to enact.

It is not part of what I am prepared to say to you today to forecast what the government and what parliament are apt to do or will do, Mr. St. Laurent added.

Even if we wanted to manufacture some oleomargarine here, in Canada, we would have to take the oils and fats away from something else for which they are being used at present. The overall quantity, including what went into oleomargarine, would not in any case be any greater than it is at the present time.

The Minister of External Affairs said two things: first, that this argument which we have heard here about the Geneva agreement falls to the ground, and, second, that there are no oils available for the manufacture of oleomargarine in Canada, and that if we did use oils for that purpose there would be a shortage of those oils for some other purpose.

Hon. Mr. DUFF: In other words, he was skating on thin ice.

Hon. Mr. KINLEY: I do not know. Margarine is pretty slippery.

The other night at Toronto a speech was made by another member of the cabinet, Mr. Gregg, the Minister of Veterans Affairs. He comes from Fredericton, New Brunswick. He said that he was opposed to lifting the ban on oleomargarine, because that would mean depriving hungry Europe of certain necessary foods. That is a second minister of the Crown who feels that if we made oleomargarine in this country we would have to use ingredients that should properly go to somebody else.

Supporters of the bill have made an appeal here on behalf of children. Well, I too am interested in children. In the community where I live we are very proud of our children.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. KINLEY: In our plant we have 200 men, and they probably would like to see the ban on margarine removed, because they think they would get butter a little cheaper for a time.

Hon. Mr. DUFF: And they have quite a few children.

Hon. Mr. KINLEY: In Canada our per capita consumption of butter averages about 28·6 pounds a year; the United States average of butter and margarine combined, including 4 pounds of margarine, is 14·7 pounds. In other words, we get twice as much butter per person in Canada as they do in the United States; so if we are starving for butter, what is the condition of the American people?

Hon. Mr. QUINN: We need more.

Hon. Mr. EULER: They have margarine.

Hon. Mr. ROEBUCK: Is my honourable friend making a proper comparison?

Hon. Mr. KINLEY: I am comparing this country with the United States, where they have the highest standard of living in the world.

Hon. Mr. ROEBUCK: Would my honourable friend compare the class in the United States which cannot afford to buy butter with the class in Canada which cannot afford to buy butter?

Hon. Mr. KINLEY: I do not like to deal with classes.

Hon. Mr. ROEBUCK: They are the ones who are interested.

Hon. Mr. KINLEY: Our honourable friends here have told us that the consumption of milk has gone up enormously in the last few years, and I think that is true. But let us not forget that every time a person drinks a quart of milk he gets an ounce and a half of butter fat in the finest form in which it can be taken into the body.

Supporters of the bill say that the high price of butter makes a butter substitute necessary. Well, butter is cheaper in Canada than in any other place in the world that I know of, except New Zealand. It is $1 a pound in the United States, and 95 cents a pound in Newfoundland.

Hon. Mr. McLEAN: Newfoundland has good margarine, though.

Hon. Mr. KINLEY: Newfoundlanders do very little farming. They import oils from Norway, as they have done for years. I would not say that health standards are high in Newfoundland.

Hon. Mr. DUFF: Look at me.

Hon. Mr. KINLEY: Well, my honourable friend is the exception that proves the rule. He has been in Canada so long that his condition has been improved. In Newfoundland tuberculosis is a problem and the low standard of health is one of the things worrying that country. Many people down there hope that by joining Canada the standard will be raised.

In my home district milk sells at 16 cents a quart, of which the farmer receives about 10 cents. Most of the remaining 6 cents goes to pay for processing, for doing things to milk that were not done to it in the early days. Anyone who thinks the price of milk is too high should compare it with the prices of some other beverages. The children of this country drink about as much Coca-Cola as milk. A six-ounce bottle of Coca-Cola is sold for 7 cents, or 46 cents a quart. And what is it? It is water aerated with carbonic acid gas, and containing certain ingredients to give it flavour. It is backed by a terrific and constant advertising campaign in the American and Canadian press. Almost any place you look you see advertisements of Coca-Cola, and people believe it is so good that they pay 46 cents a quart for it—30 cents more than the cost of milk. Then let us consider beer. The 22-ounce bottle of beer, which is sometimes referred to as a quart, costs 35 cents. That figures out at 63 cents a quart, or 45 cents more than the price of a quart of milk. Millions of dollars' worth of beer is sold in every province. The value of the liquor sold in Nova Scotia a year ago amounted to $23 million.

Hon. Mr. HARDY: Good!

Hon. Mr. KINLEY: On that there was $8 million profit. Yet we are told that our people are too poor to buy butter. It just does not add up. It is a question not of the high cost of living, but of the cost of high living. Do not forget that Coca-Cola has a patented right in Canada, and no other company can make its product. No such liberty as my friend wants for margarine manufacturers is given to other companies.

Hon. Mr. EULER: But a lot of other drinks are made in competition with Coca-Cola.

Hon. Mr. KINLEY: They are not called Coca-Cola. There have been some famous lawsuits between the makers of Pepsi-Cola and Coca-Cola company.

Hon. Mr. McLEAN: And Pepsi-Cola won out.

Hon. Mr. KINLEY: When the result is analysed, I think they both won.

Hon. Mr. QUINN: They both lost.

Hon. Mr. KINLEY: When the people of our country complain about the high cost of living there is not much that one can say in reply; but they always forget to tell about the fact that their income tax this year has been reduced. For instance, the tax for a man without children who gets $2,000 is about $100 less this year than it was last year. We hope that when the budget comes down the tax will be reduced still further.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. KINLEY: By reason of income tax reductions the situation today is good in spite of the higher cost of living. Further, we must not forget that a beneficent government has established a system of family allowances in this country, by means of which large families are greatly assisted. It is meant to help families such as my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) referred to. We supported that legislation because we wanted to provide for such families.

Hon. Mr. HORNER: Ask the legal men what protection they have through their law societies.

Hon. Mr. ROEBUCK: None.

Hon. Mr. KINLEY: I do not like to clash with members of the legal profession, because in our complex economy of today one has to appeal to them very often. I feel that it is better to find out what they know, and say very little about it.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. KINLEY: Personally, I do not know much about oleomargarine, but I do know about some things. I was amused at the way in which my honourable friend (Hon. Mr. Euler) approached this subject. Two years ago he said oleomargarine was a good substitute for butter; last year it was as good as butter; this year it is better than butter.

Hon. Mr. DUFFUS: It is going up.

Hon. Mr. KINLEY: I suppose my friend feels good about the American agitation that is rampant at the present time. He talks about pressure. I have some advertising material before me, and as one interested in advertising it strikes me that it is part of the most intelligent and subtle advertising program I have seen in many a day. I have in my hand an advertisement appearing in the *McCall's* magazine which reads:

EASY TO COLOUR! Smooth-spreading Allsweet comes to you white. To tint it yellow for table use an exclusive easier-opening packet of pure colouring is provided with each pound.

Now why do they advertise in that way? It is because the law for the protection of the people in many of the states prohibits the colouring of margarine. These advertisers say, in effect, "We cannot colour it, but you

can." What an invitation that is to the restaurant and hotelkeepers to colour it before serving it.

Hon. Mr. LACASSE: Is not everything more or less coloured nowadays?

Hon. Mr. KINLEY: Here is another advertisement:

NUTRITIONALLY RICH. You can depend on the vitamin A in Nucoa. Winter and summer, every pound is guaranteed to contain at least 15,000 U.S.P. units. Cook with Nucoa as it comes—pure white. It has its full food value in this form. For pretty table serving, you can easily tint Nucoa a delicate yellow with the pure colour wafer inserted in each package.

Now if this product is so good, why not let it stand on its own merit? Why not colour it green or red so that it will be distinctive and not look like butter? Colouring it yellow is a mean scheme for the purpose of trying to sell one product on the merits of another. It is that device that the people complain about. The whole thing has brought forth a barrage of advertisements in the United States to overcome the fact that oleomargarine must be coloured.

A further advertisement reads:

You get margarine white—you want it yellow. We know it would certainly save you time and bother if you didn't have to mix in the colour yourself.

That is pretty subtle.

It would be a simple matter for manufacturers to colour margarine yellow when it is made—at no extra cost to you.

They appeal first by the suggestion that it would save you time, and secondly that it would look like butter.

Hon. Mr. EULER: What has this to do with the bill?

Hon. Mr. KINLEY: The advertisement continues:

But you have seen how discriminatory taxes and licence fees would run the cost of coloured margarine much higher to you. And 23 states prohibit the sale of coloured margarine.

Hon. Mr. QUINN: New Jersey lifted the ban just last week.

Hon. Mr. KINLEY: New Jersey is the city of New York.

Hon. Mr. QUINN: The state of New Jersey.

Hon. Mr. KINLEY: It is the same—a suburb.

Hon. Mr. QUINN: You had better look up your geography.

Hon. Mr. KINLEY: It is not a farming district anyway.

The map I have in my hand shows in yellow the states which permit the sale of coloured margarine. The taxes, licences and prohibitions on this substance in the United States are so terrific today that the manufacturers are taking advantage of a moment of scarcity to present a barrage of advertisements to get over this colour problem and make their product look like butter. We are told that it is as good as butter. They say that a few years ago it was not as good, but now they put in artificial vitamins—15,000 units of vitamin A per pound—and they use 21 per cent skim milk to make a high quality product. This is what one advertisement says:

Its flavour is so delicate, so natural. It comes from the cultured pasteurized skim milk used in its careful making. You'll agree . . . there's nothing artificial about Allsweet's flavour.

In some of the advertisements they refer to the milk as "non-fat milk". They do not like the term "skim milk"; it does not sound as well. As a matter of fact, they use 21 per cent skim milk to get the flavour of butter.

In the other house Mr. Sinclair, the member for Vancouver, in referring to the cost of margarine quoted from a pamphlet published by the dairy authorities. I will read from his quotation.

Margarine may be coloured by the same dye as is used for colouring butter.

Nobody cares about colouring butter today. It was done by some woman in the country who had poor looking white butter and used turmeric or something of that nature to give it a bit of colour. No self-respecting person would put colouring in butter today.

The quotation continues:

A good margarine contains 16·5 per cent skim milk—

My information is that it is 21 per cent.

—for flavour and texture, plus minute amounts of glycerin derivative to prevent spattering in frying, and some lecithin to prevent burning and sticking to the pan.

It reminds me of a man with diabetes. You can, with insulin, make him function, and function well. Insulin was a great discovery, and it is very helpful to the patient if the dose is not too large. But I prefer the man who can function without medication. Butter contains in itself all the vitamins; it requires no medication; it can function on its own account, without a mixture. Therefore, I say, to compare margarine with butter as a food is to beg the question, and arguments of this kind must come from people who have an interest in what they are trying to put over.

The other day an honourable senator quoted from an anonymous editorial from a medical magazine. Another senator asked him who

wrote it, and he could not tell. Yet we in this chamber are invited to accept it as an authority.

Hon. Mr. LACASSE: May I point out to my honourable friend, by way of comparison, that we regard with some respect the authority of the *Law Journal* as the mouthpiece of the Canadian Bar Association.

Hon. Mr. KINLEY: When you are producing evidence you are supposed to have something a little more definite than an anonymous statement.

Hon. Mr. QUINN: My honourable friend quoted from the Halifax *Chronicle*. Can he say who wrote the article?

Hon. Mr. KINLEY: Yes, I think I could.

Hon. Mr. LACASSE: Perhaps the honourable gentleman wrote it himself.

Hon. Mr. KINLEY: In Michigan the use of margarine was permitted only in penal institutions. Now they want it in schools.

Hon. Mr. EULER: Hospitals.

Hon. Mr. KINLEY: Up to now they have limited its use. The agitation for its use has brought to light in the United States many things which the public did not know. My honourable friend tells us that no country in the world but Canada prohibits the use of margarine. Let me point out to him that it was not the people of the United States who decided that margarine should be sold in that country; it was the Supreme Court of the United States, which, by reason of its constitutional powers can override the laws of individual States of the American Union.

Hon. Mr. McLEAN: The States can change the constitution.

Hon. Mr. KINLEY: Another honourable senator has said, "I am in favour of margarine because I am against monopoly." Well, I am against margarine for the same reason. I do not know what monopoly there is in the sale of butter, except the monopoly of the cow in giving the best food in the world. I believe the cow is the cheapest factory there is.

How is butter made? It is made on the individual farm by the farmer's wife, and in the creameries of this country, in every little town from Vancouver to Halifax. In almost every community one finds a creamery which is a part of the economic life of that community, a central market to which the farmer can bring his cream. While I am not against big business as such, if I had to make a choice I would choose the little fellows, these small producers who are distributed all over Canada.

Last week we got a gale of wind from the Maritimes about the decentralization of industry, in relation to the freight rates report. We were told that industry must be decentralized, and with that I agree. But making margarine will not decentralize industry. If you permit the manufacture of margarine, it will be made by Canada Packers and a few other large corporations. The product will be tremendously advertised; people will be led to believe that if they do not eat margarine they cannot keep alive; every store in the country will be stocked with it, and the farmer will suffer thereby.

Hon. Mr. LAMBERT: May I ask the honourable senator a question which I intended to put to him a little earlier? As he did not return to the subject I should like to ask it now. If the withdrawal of the ban on oleomargarine were necessary to enable Canada to obtain the advantages of the Geneva treaties, would he favour withdrawal of the ban?

Hon. Mr. KINLEY: That question is pretty hard to answer. Legal authorities of the Government of Canada tell me that the treaty contains no such provision. I have read it, and it is my conclusion, according to the best of my judgment, that they are right in that statement.

Hon. Mr. LAMBERT: This may help to clear my honourable friend's mind. I have no doubt that he was present at the Canadian Trade Relations Committee the other morning—

Hon. Mr. KINLEY: Yes.

Hon. Mr. LAMBERT: —when those who were present in Geneva and negotiated these treaties gave evidence. Unless I am mistaken, they made it very clear that without the withdrawal of the ban on margarine we cannot enjoy the benefits of the Geneva treaties.

Hon. Mr. KINLEY: I think the items were quoted out of their context, in the first place; and in the second place, whatever they said the first time they revoked at the second meeting. I will appeal to the chairman.

Hon. Mr. EULER: I cannot agree with you.

Hon. Mr. KINLEY: Then we shall have to fall back on the announcement of Right Hon. Mr. St. Laurent, and I will let the matter rest there.

Hon. Mr. LAMBERT: If I may add a word on this point, the Minister of External Affairs, in his statement to the other house, simply said that in his opinion, at least, the provisions in the Geneva treaty as far as oleomargarine was concerned were not retroactive. I do not think he maintained for a moment that the treaties were not arrived at in the way I have stated.

Hon. Mr. KINLEY: I think what the minister said was perfectly clear. He said in effect, "Get it out of your minds; it does not affect you."—and that is what I am doing.

My honourable friends who favour this bill seem to be very persistent in their questioning. I have no objection to that, for I am an old hand; I have been through it many times. I repeat that I am against monopolies, and I do not believe that the power of money and industrial organizations should be used to the detriment of the primary producers of this country.

Hon. Mr. DUFF: Hear, hear. I quite agree.

Hon. Mr. KINLEY: The other day the butter situation was used to buttress arguments. It was said that a firm made profits of half a million dollars in a month on butter. That same firm want the manufacture of oleomargarine to be legalized. What would they do if they were able to make it? They would not have to buy it from the farmer; they would make it themselves and, being astute businessmen, would use it for purposes of greater profit.

Something has been said about advertising. Did you ever see butter advertised by anybody? Nobody advertises butter. Nobody who makes it has money enough to advertise it.

Hon. Mr. CAMPBELL: They do not have to advertise butter, because you cannot buy anything else.

Hon. Mr. KINLEY: You can do without it, and if you do not want a thing that is what you do.

Hon. Mr. EULER: That is what people have to do.

Hon. Mr. KINLEY: Furthermore, the little creameries which operate on a co-operative basis return their profits to the farmer; they have no money to spend in advertising butter. Somebody has said that butter is made only by the fellow in the back concessions. Admittedly his buying power is not very high.

I used to send milk to the local dairy, but when the dairy had an over-supply our milk was returned. So, as I did not wish to be in competition with the local farmers, I directed that the milk be sent to the creamery to be made into butter.

The marketing of butter is largely a matter of transportation. The farmer who lives near the city can sell his milk as such, but those who live a long distance away have to put their milk into the production of butter. It is not correct to say that the farmer whose milk goes into butter has to take a great loss. He still has the skim milk, and he does not have the cost of delivering his milk to market. When these facts are considered there is not such a vast difference in the return as has been suggested.

Farmers have no monopoly on fats in this country, over half of them being produced in Canada by the big industries. Crisco is made from vegetable oil; Mazola is a corn oil, and shortening is a mixture of fats and oils. In the interests of our farm export trade many farmers are obliged to produce bacon hogs, and they do not get any fat from these animals. Somebody has said that fats and oils for the manufacture of margarine can be produced in Canada.

Hon. Mr. EULER: So they can.

Hon. Mr. KINLEY: They speak about sunflower oil. Only a small amount of that oil is produced in Canada, and it is worth 38 cents a pound.

Hon. Mr. EULER: They use it in the United States.

Hon. Mr. KINLEY: Furthermore, you cannot keep prices down and expect big supplies. The honourable senator from Lunenburg (Hon. Mr. Duff) and myself had a friend who was going into the sailing business. I was reconditioning and outfitting three ships for him. We arranged that he would establish a trade in Lunenburg and land his products there if he could get supplies and ship a crew. He went to sea and secured a cargo of oil. When he went to St. John's, Newfoundland, he found that he could get 10 cents a pound more for the oil than he could get in Canada. This meant a difference of $30,000 or $40,000, and it was but natural for him to want the highest price he could secure. But he did not get it. He brought his oil to Canada, where he got 13 cents instead of 21 cents a pound. Canada got the benefit of that deal; yet you say the laws of this country curtail liberty. The price ceiling was imposed for the benefit of Canadians, in order to keep prices within a certain range.

Honourable senators, I have said that the farmer has no monopoly, and I maintain that argument. He must share the markets of this country with others. Up to a year ago the farmer had the lowest income of anybody in Canada. We all know that in the economy of this country prosperity stops at the farmer's door. If the farm is not successful he cannot buy the goods that I, for instance, manufacture in my plant, and thus the men who are employed by me will soon lose their wages. Therefore, if the passage of this bill means that my plant workers will benefit, it will be only for a short time.

When my honourable friends are cornered on the question of the importation of oil into

Canada they say, "Are you not in favour of manufacturing it in Canada?" But the bill does not provide for that. We must deal with the bill as it reads. If the honourable senator who introduced this bill states that we should manufacture oil in Canada, he should change his bill, because it is all-inclusive. Those who want this bill know that they cannot produce much margarine within the next few years because they cannot get the oils and fats. They know also that this is an opportune time to get a foot in the door, so that should a depression come they will have the opportunity, which they had before the war, of bringing in tank steamers filled with cocoanut, palm and peanut oils from the Orient to compete against the farmers who produce oils in this country.

Hon. Mr. DAVID: What about Russian oil?

Hon. Mr. KINLEY: Honourable senators, I am not in favour of putting the Canadian farmer into competition with the naked Orientals, who run up cocoanut trees, pull down cocoanuts, press out the oil and sell it to this country. Their wages and standard of living are low, and we cannot let our farmers compete with that sort of labour. The people of Canada may think they are getting something a little cheaper by buying oleomargarine; but it is my opinion that the ultimate effect of this will be detrimental to the economy of Canada. I think that in this time of crisis we can afford, as the mariner says, to "hold a turn" and let well enough alone. In other words, we should not pass legislation because of an exigency—legislation which we will be sorry for in days to come.

I would remind those who are in favour of free enterprise that the farmer is the greatest individualist in this country. If that individualism is destroyed and we give way to the greed of the big manufacturers, free enterprise, of which the farmer is the backbone, will be lost in Canada.

Hon. Mr. QUINN: Is not the Lunenburg Board of Trade on record as being in favour of lifting the ban on margarine?

Hon. Mr. KINLEY: I have mentioned that Lunenburg is a highly industrialized place. We have 200 men in our own plant. I was present when the vote was taken, and I know they had a majority of about four and that twenty-five did not vote. I am not surprised that they voted for the lifting of the ban; but Bridgewater and other towns within the district did not do so.

Hon. Mr. EULER: The majority of the Boards of Trade in Nova Scotia voted for it.

Hon. Mr. KINLEY: I may tell my honourable friend that the Canadian Chamber of Commerce started out quite enthusiastically and sent questionnaires all over the country. They asked the various Boards of Trade to vote for the lifting of the ban on margarine and to present a petition to the government. But it was not long before they found that they could not get the necessary support.

Hon. Mr. EULER: They could get a majority.

Hon. Mr. KINLEY: Well, what would you expect in an industrial organization?

Hon. Mr. EULER: This was done all over the West.

Hon. Mr. BURCHILL: How much butter is imported into Nova Scotia?

Hon. Mr. KINLEY: We import butter into Nova Scotia. We do not produce as much as we should.

My honourable friend (Hon. Mr. Euler) talked about liberty. It seems to me that liberty *in vacuo* does not mean very much. What is one man's liberty is another man's prohibition. A man who wants economic "go as you please" is dreaming, not thinking. We live in a day of strange economics. For instance, the automobile industry raised a row because we in Canada imported second-hand automobiles. As a consequence we were prohibited from importing them. That too is covered by an item in the schedule of the Customs Act, which I referred to a while ago.

Hon. Mr. EULER: They manufacture automobiles in this country.

Hon. Mr. KINLEY: This bill is to import. There are 140 million people in the United States, and if they shipped their second-hand automobiles into Canada our automobile business would be destroyed.

In the last few years we have put prohibitions on all kinds of things. Money is the potential life-blood of a nation, yet we have prohibited our people from spending their money as and when they would. If it is not Liberalism to protect the country's economic welfare in the interests of people as a whole and with a view to preserving our national prosperity and stability, I do not know anything about Liberalism. And if it is against Liberalism to support a worthy cause that needs assistance, that is news to me. I believe that it is the government's duty to preserve national stability, to give assistance to worthy causes that require it, to protect the

masses—and it seems to me that the present government has been performing that duty very well. I am of the opinion that, in the truest interests of the masses, the prohibition on margarine should be continued at present.

We have heard speeches in support of the bill by some of our honourable friends of the legal profession. These gentlemen make a very subtle approach and employ a good deal of technique. They ask, "Would you be in favour of this or that?" If you are not on guard they may break down the outer ramparts of your defences, and the danger is that when that happens the inner fortress will not withstand much pressure. We need to be careful when they speak to us in their nice phrases.

The present law has been on the statute books of this country for twenty years, in which time it has withstood many assaults. For a good many of those years the sponsor of this bill (Hon. Mr. Euler) was a member of the government, as was the senator from Churchill (Hon. Mr. Crerar). In response to a question here the other day the senator from Churchill said that during his term of office as a minister of the Crown he was against the prohibition on margarine. Well, all I have to say to him and to the sponsor of the bill is that if they were against the present law they "dwelt in the tents of sin" for a long time.

Hon. Mr. HOWARD moved the adjournment of the debate.

The motion was agreed to.

THEIR MAJESTIES

REPLY TO ADDRESS FROM THE SENATE

The Hon. the SPEAKER informed the Senate that he had received the following message from His Majesty:

The Queen and I thank you and the members of the Senate of Canada most sincerely for your congratulations on this 25th anniversary of our wedding. On this happy occasion it is particularly pleasing to receive this further expression of the affection and loyalty which you have constantly shown towards us and we both appreciate greatly the warmth of your Address.

GEORGE R.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill P-7, an Act for the relief of Lucien Menard.

Bill Q-7, an Act for the relief of Sheila Trench Thomson Ellis.

Bill R-7, an Act for the relief of Alexandre Hebert.

Bill S-7, an Act for the relief of Anne Greenblatt Pliss.

Bill T-7, an Act for the relief of Sonnie Levitt Shereck.

Bill U-7, an Act for the relief of James Young.

The bills were read the second time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 28, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRINTING OF PARLIAMENT

REPORT OF JOINT COMMITTEE

Hon. GERALD V. WHITE presented and moved concurrence in the report of the Joint Committee of the Senate and the House of Commons on Printing, as follows:

Pursuant to the order of reference of the House of Commons of Thursday, March 18, 1948, that the documents tabled on March 10, 1948, relating to the enquiry made pursuant to Order in Council P.C. 1160, of February 12, 1942, into the despatch of the Canadian Expeditionary Force to the Crown Colony of Hong Kong, be referred to the said Committee, for report under Standing Order 64, your committee has considered the matter and desires to report as follows:—

The evidence adduced before the committee shows that:

(a) Very few requests for copies of the said report have been received at the Office of Parliamentary Papers;

(b) No requests, as yet, have been received for copies of the said report at the Printing Bureau;

(c) No requests for special copies by the Press have been made;

(d) The said report when printed would cover about 2,656 pages, and would have to be bound in two separate volumes.

The approximate cost of 500 copies would be $24,570, and of 1,000 copies $25,500, if the work were done in the Printing Bureau. This estimate does not include the cost of maps, linecuts and halftones appearing in the exhibit. This cost has not been estimated in detail but would probably run well over $2,000.

The printing of this report could not be undertaken in the Department of Public Printing and Stationery while the session is on, and would have to be awarded to an outside firm if the work were required to commence immediately. In this case the total cost would amount to between 25 and 30 per cent more than the figure above quoted.

The printing of the said report in the French language would be approximately 10 per cent more than the estimate given to print same in English.

After careful consideration of all the evidence adduced your Committee recommend that the said report be not printed.

All which is respectfully submitted.

Gerald V. White,
Acting Chairman, Senate Section.

The motion was agreed to.

PENNY BANK BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill R-5, an Act to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill P-7, an Act for the relief of Lucien Menard.

Bill Q-7, an Act for the relief of Sheila Trench Thomson Ellis.

Bill R-7, an Act for the relief of Alexandre Hebert.

Bill S-7, an Act for the relief of Anne Greenblatt Pliss.

Bill T-7, an Act for the relief of Sonnie Levitt Shereck.

Bill U-7, an Act for the relief of James Young.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DAIRY INDUSTRY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. WISHART McL. ROBERTSON: Honourable senators, as has been stated a number of times, this is the third successive session in which this bill has been before the Senate. I did not take part in the debate last session, for I was absent from the house at that time, but in 1946 I spoke immediately after the sponsor of the bill (Hon. Mr. Euler) had moved second reading. My reason for doing so was that it had been rumoured that the government had something to do with the introduction of the bill. Perhaps that idea arose because in those days I had the honour of having the sponsor of the bill as my deskmate, and some people may have suspected that there was collusion between us. I remember distinctly that later in that debate the honourable gentleman from Leeds (Hon. Mr. Hardy) took me to task for, as he put it, "sounding the tocsin". I had no such idea or intention, and being then new to the office of government leader I was quite embarrassed at the charge. I have since learned that my honourable friend's bark is worse than his bite, and consequently I shall risk again making a few observations on this measure. This time, though, I am taking the precaution of speak-

ing towards the end of the debate, so that what I say will not unduly affect anyone, one way or the other.

Honourable senators, I propose taking exactly the same stand as I took before. In 1946 I made three statements. First, I said I considered the debate more or less academic because, owing to the world shortage of fats and oils, I did not think margarine could be made available in Canada for some time to come, even if the ban were lifted. Secondly, I said I was afraid that the lifting of the ban would be prejudicial to the dairy industry, or at least to that part of it in the province from which I come, the only province as to which I could profess any knowledge. Thirdly, I said I did not think it necessary to deal with the oleomargarine question as a matter of normal policy. On that point I should like to make a few additional observations today.

For the convenience of honourable senators and so that I may deal with the subject as briefly as possible, I propose to put three questions which I shall try to answer.

My first question is: Should the Senate pass this bill, will the consumers of Canada then be able to get margarine in addition to the butter, shortening and other foods containing fats and oils which they are getting now? My second question is: Why not pass this bill, even if we cannot get margarine for the next three years or more? Could it do any harm? My third question is: How can the controversy over margarine be settled in a reasonable and constructive way, acceptable to both the dairy farmers and the consuming public? With reference to the third question I would say that I do not believe it possible, in view of the controversy that has taken place on this subject, to resolve the problem in a way which would be fully acceptable to everyone.

Since this matter was first introduced in the house I have listened to some most excellent speeches. Whatever view I held when it was first introduced, and have held from time to time since, I have very nearly been swayed by those who held different views. I have read everything available on the subject and have endeavoured to keep an open mind with respect to the controversy. I represent, as does my honourable friend from Bedford-Halifax (Hon. Mr. Quinn), a population which could more properly be regarded sa being composed of consumers than of producers. I came to this house without any particular conviction on the subject one way or the other, and I do not know that what I have to say this afternoon will be generally accepted either by the proponents or the opponents of the bill. However, I am giving my own view, as I did on a previous occasion, and am not announcing any government policy.

When I spoke in this house in 1946, I gave certain information with respect to Canada's fats and oils situation and her responsibilities and limitations in the circumstances. I believe that in this respect Canada's position today is unchanged, or possibly a bit worse.

My view in 1946 was that the debate was an academic discussion as to what policy we should adopt some two or three years hence. From the information which I shall supply to the house this afternoon I shall endeavour to show that had the Senate passed the bill in 1946 Canada now would either have no margarine or, if she did have it, would have it at the sacrifice of some other foods. Moreover, I believe that that will be the condition in the immediate forseeable future.

The total world export of fats and oils available during 1947 for countries requiring them, of which Canada is a conspicuous example, amounted to 3·6 million tons as against a pre-war normal quantity of 5·9 million tons. The International Emergency Food Council—of which we became a member for the purpose of assuring ourselves as far as possible of our share of importations of fats and oils, on which we are heavily dependent—has made a report on the situation and when it is likely to improve. I should like to give three quotations from that report.

It is entitled "Report on fats and oils. Current situation and further outlook in world supplies and distribution of oilseeds, fats and oils," and is dated Washington, September, 1947. It states in part, page 22:

> . . . there seems little doubt that world supplies, in relation to the demand for fats, will present greater difficulties during 1948 than have yet been experienced during the post-war period.

The British government, at the request of the I.E.F.C., and indeed, as a general policy, as honourable senators may recall, has undertaken a very ambitious long-term program to increase the production of edible oils in East Africa. In publishing their plan, they state:

> Although the present acute phase may have passed in four or five years, it is the view of those best able to judge that there will be a continuing world shortage of fats and oils for a long time, say, for the next ten to twenty years.

I take a further quotation from the report, page 27:

> Everything, therefore, points to the necessity of all countries redoubling their efforts to restore or further increase production of oilseeds, fats and oils in respect both to the immediate future and to the period well beyond 1950.

I give these quotations to support my statement that there is no appreciable increase in the production of fats over that which obtained in 1946, when I previously spoke on this question.

As many honourable senators who were in parliament before I was will remember, this situation is not of recent development. In 1942 Canada, as well as a number of other Allied countries, joined the Combined Food Board to arrange for the bulk purchase and equitable allocation of scarce foodstuffs, including fats and oils. In June, 1946, following the war, this organization was enlarged and became the International Emergency Food Council. On January 1, 1948, the council was replaced by the International Emergency Food Committee of the Food and Agricultural Organization of the United Nations. International control of fats and oils is now vested in the Fats and Oils Committee of this organization. Canada is one of the twenty-five member countries, which include almost all the important producers and importers of fats and oils. After the war, membership was thrown open to any country that wished to join and would accept the responsibilities of membership. The countries which now belong to this organization are: Australia, Austria, Belgium, Brazil, Canada, China, Czechoslovakia, Denmark, Finland, France, India, Italy, Mexico, Netherlands, Norway, Pakistan, Poland, Portugal, the Philippines, Switzerland, Sweden, Siam, South Africa, the United States, and the United Kingdom.

Canada joined this organization because she is one of the heaviest importers of fats and oils. One-third to one-half of her consumption is imported. Perhaps this fact is not as generally recognized in this country as it might be. We are given to thinking of Canada as a major producer of foods, a country which not only produces for its own consumption but has an exportable surplus, and it may come to some people as a shock to learn that we have always been heavy importers of fats and oils. That condition is not one that has arisen since the war; it existed in 1938. Of various forms of edible oils—that is, exclusive of butter—we import far more than we produce; we have always done so; and when the question arose of securing a fair share of these products, it was obviously to our advantage to join the organization. One group of member countries consists of those who not only produce sufficient for their own requirements but have a substantial export surplus. The United States, I am advised, produces sufficient oils to take care of its own requirements. Canada as I have said, is and always has been one of the heaviest importers of oils.

The international Food Council has available to it the fats and oils supplies of the entire world, excepting only one or two countries—Argentina for instance—and it allocates to each country its fair share of what is available. The allocations by percentages vary a little, the formula having been designed to give importing countries about 75 per cent of pre war utilization on a per capita basis. By that I mean that the objective is to provide an amount equivalent to about 75 per cent of pre-war consumption per capita. The aim of importing countries was to be assured of 75 per cent of their pre-war supplies, including both domestic production and imports. Importing countries got 75 per cent and exporting countries about 85 per cent, with certain exceptions. For example, the quota of the United States is based on about 95 per cent of that country's pre-war supplies. Canada's quota is slightly less, between 85 to 90 per cent, although I am advised that if our domestic production is taken into consideration the allocation is higher than that of any other country which depends on imports. Needless to say the allowance for such countries as Germany and Japan and for parts of continental Europe, is very much less.

Hon. Mr. PATERSON: May I ask the honourable senator whether all these countries are not permitted to import margarine?

Hon. Mr. ROBERTSON: I think the principle on which allocations were applied was much the same as that which we adopted with respect to wage controls. The point was then raised that "if you are going to freeze wages, you will freeze them on all sorts of different levels". It was assumed that each country should receive its proportion of fats and oils in the form to which it had been accustomed. If the honourable senator is asking whether the oils allocated to us could be received substitutionally in the form of margarine, I would say that that would be permissible, but the total allocation of oils would thereby be reduced. But I will return to that matter a little later. All I will say now is that we could be allocated margarine if somebody wanted to supply it, but it would be deducted from our quota, it would not be an addition to it.

Let me now deal with our allocations, our production and consumption. My figures are not in all cases exact, but they are informed estimates. There is some little difficulty about determining exactly what was the amount of our domestic production in 1938, but I am certain that my information is reasonably exact. Compared with the pre-war period, Canada's situation is roughly as follows: Butter production is about the same as it was in 1938,

the actual production in that year being 358 million pounds and the estimated production for 1948 being 362 million pounds. Production of other fats and oils from domestic sources was about 250 million pounds in 1938 and, according to estimates, will be about 300 million pounds this year. Our imports in 1938 were 268 million pounds; for this year they are estimated at 187 million pounds. But the 1948 figure is on the optimistic side, both in relation to production and to imports.

In order to clear up a point, I should like to explain that when the combined Food Board was set up, Newfoundland—which was not named in the list of countries I have given—was included with Canada for administration purposes. Out of the proposed figure for 1948 of 187 million pounds, 9 million pounds are set aside for Newfoundland. We have asked for 187 million pounds, but up to the present time have only been allocated 172 million and it is questionable whether we will get what we have asked for. I understand that at the present time negotiations are being carried on to have Newfoundland supplied with oils by Britain instead of Canada. However, if that should come about it would simply mean that our quota would be reduced accordingly.

Our estimated 1948 production of all domestic fats and oils is 300 million pounds, but it is doubtful whether we will get that quantity. I have been advised by the Wartime Prices and Trade Board that their estimate of our domestic production in 1948 is lower than our actual production in 1947. Whether it actually will be lower or not I cannot say.

Our 1948 supplies of fats and oils from all sources will be short some 40 to 60 million pounds, physically, of the 1938 supply. At the same time it is estimated that the mouths to be fed in this country have increased from 11,100,000 to 12,600,000, an increase of 1,500,000.

The following figures show the composition of our tentative allocation of imported fats and oils for 1948. The allocated amounts of oils, which are given in metric tons and which I have changed into pounds, are as follows:

	Pounds
Liquid edible oils	48,488,000
Cocoanut oil	50,692,000
Hard and semi-hard oils	31,460,000
Marine oils	33,000,000

Included in the marine oil figure is approximately 25,000,000 pounds of whale and fish oil, which is imported from Norway, one of the main sources of supply. Where the other 8,000,000 pounds of marine oils come from I have no particular knowledge. The amount of castor oil is 5,500,000 pounds; olive oil, 2,860,000 pounds. Perhaps I did not make myself clear that when dealing with fats and oils I include inedible as well as edible oils. An inedible oil is an oil of the type that might be used in soap and paint manufacturing. There is a border line between these two, and some oils, such as linseed oil, are used only in the manufacture of paint and are not edible. The honourable senator from Waterloo will correct me if I am wrong but I understand that Lever Brothers, the soap people, and allied industries and the paint people, are margarine manufacturers in the United States. Our 1948 domestic production, is estimated roughly as follows: linseed oil, 100 million pounds; lard, 40 million pounds; tallow and grease, 100 million pounds; fish oils, 20 million pounds; corn oils, 10 million pounds; soy bean oil, 9 million pounds; sunflower seed oil, 6 million pounds, and rapeseed and other items which are not enumerated, 10 million pounds—a total of 295 million pounds. This figure compares with a pre-war production of these same fats and oils of 250 million pounds. That is the best information I can get on this point. Largely owing to the development of vegetable oils and oil seeds, our domestic production has increased over that of pre-war years, but the estimated 1948 output will actually be less than that of 1947. Despite our increase in population, our total supply of fats and oils from both domestic and imported sources—although it is not quite as good as that of the United States—gives us a favourable per capita consumption as compared with any other importing nation. Having secured oils, both those of an indigenous and of imported nature, what do we do? To secure proper allocation, the whole operation is left in the hands of the Wartime Prices and Trade Board. The board allocates the combined supplies to the different industries, roughly as follows: food industries, including the shortening industry and the approximately 3,000 bakeries in Canada, receive 180 million pounds; the soap industries receive 145 million pounds, and the paint industries receive 65,000,000 pounds. Sixty million pounds are allocated to lard, linseed oil and corn oil retailers, while 40,000,000 pounds go to other industrial users.

I should like to explain how the Wartime Prices and Trade Board undertook to allocate these supplies, but first I should point out that I am advised by the Fats and Oils Administrator that the twenty-five countries, including Canada, have scrupulously lived up to their obligations.

An Hon. SENATOR: Hear, hear.

Hon. Mr. ROBERTSON: Each of these countries, having been allocated so much for its various purposes, protects and keeps for its respective nationals within its boundaries the amount which it produces and imports. This is done almost entirely by the issuance of export permits, which is the method adopted in practically every country. Canada as well as some other countries for some time used a rationing system for certain items. The only major exception to the system of issuing permits is to be found in the relationship between Canada and the United States.

Honourable senators are aware that, following the Hyde Park agreement, the United States has never regulated the shipment of commodities to Canada by export permits. It will be recalled that last year there was quite a commotion in congress over the large quantity of fuel oil being shipped to this country, and it was suggested that export permits be required. But the State Department did not concur in this, because there was an understanding between the two governments. and pointed out that in such circumstances it was for Canada to control imports, if necessary, rather than for the United States to control exports to Canada. When the relation between the two countries was explained to me, I wished to make doubly sure of it before I passed on the information to the Senate. So I wrote to my colleague, Mr. Abbott, the Minister of Finance, asking specific questions in order that I might get the facts to place on our records. Under date of March 3, 1948, Mr. Abbott wrote me as follows:

My dear Colleague:

I have your letter of February 13 respecting the supplies of oils and fats as they pertain to the manufacture of oleomargarine in Canada.

Canada is a member of the Fats and Oils Committee, International Emergency Food Council, and is allocated fats and oils (both edible and inedible) from the world's exportable supply.

It is indicated that the world supply of fats and oils, while improving, still remains short of requirements, and it would appear very difficult, if not impossible, for us to obtain additional supplies of edible oils suitable for the manufacture of margarine through the International Emergency Food Council. However, it has been indicated to us that we might be able to supplement our supply of fats and oils in 1948 outside of the International Emergency Food Council by arranging a *quid pro quo* for grain and grain products with certain countries which might direct supplies of fatty commodities to Canada in order to obtain cereals and their products.

In order that there may be no misunderstanding, I might explain that that does not refer to any increased amount over our target quota of 187 million pounds. It is merely a suggestion that if the I.E.F.C., because of the fact that it does not control all the world's fats, were able to give us only 172 million pounds, it is possible that we could bring the amount up to 187 million pounds by bartering grain.

The letter continues:

In so far as the prohibition of the importation of margarine from the United States is concerned, we would be bound to prohibit—

I hope honourable senators will take note of this.

—the importation by reason of our undertaking both with the United States Department of Agriculture and the International Emergency Food Council to adhere to our I.E.F.C. quota. The United States has never required export permits with respect to fats and oils consigned to Canada (although permits are required for all other destinations) since the officials concerned are satisfied that Canada recognizes the I.E.F.C. allocation, and has never abused the regulations.

I do not believe that the board would be prepared to reallocate supplies of edible oils and fats for non-established purposes. Any reallocation of fats and oils must naturally be at the expense of the shortening and edible fat consuming industries.

That last paragraph refers to a matter of which I shall speak later, the question of what we should do in this country if the ban on oleomargarine were removed. From our domestic and imported supplies we could, if we thought it wise, take away a certain quantity for use in the manufacture of oleomargarine. All that the minister says is that he does not think the board would agree to that policy.

I have endeavoured as far as I can to explain the international set-up. At the moment I am not arguing for or against it; I am simply reminding honourable members of a situation that has existed since long before I became a member of this house, a situation with which most honourable members are perhaps more familiar than I am.

Now I want to deal with the question of where the margarine would come from if the ban were lifted, assuming we stayed in this international set-up and lived up to it, and that the general world supply of fats and oils remained as it is. The first suggested source —this is referred to in the last paragraph of Mr. Abbott's letter—is a diversion of some oils and fats from bakeries and other food-producing industries for the purpose of making margarine. This question has no bearing on the international allocation. It is, I think, the point brought up by the honourable senator from Thunder Bay (Hon. Mr. Paterson). We have these fats and oils; they are ours; what we do with them is our own business.

Let us assume that there have been allocated to us under this set-up 180 million pounds for the shortening and baking industries of this country. Across this country from the Atlantic to the Pacific there are some 3,000 bakeries. They and the shortening manufacturers of the country get the 180 million pounds. It would be possible, if considered advisable, to take, say, 10 per cent of their already restricted supplies and hand them over to margarine manufacturers in Canada.

I do not think anyone would deny that that could be done, but that would not increase our sum total of fats at all; it would simply divert 18 million pounds from the various bakeries and shortening plants across the country to margarine factories. As a result there would be the equivalent in margarine of however much could be produced from 18 million pounds of fats. I do not know what the ratio is, but let us say that this quantity of fat would suffice for 12 million pounds of oleomargarine, or roughly a pound per person in Canada. Undoubtedly there would be that much extra for spread or other purposes, but the shortening plants and the 3,000 bakeries would have their business curtailed by 10 per cent. As far as I know, there is nothing to indicate that that could not be done, if it was considered good domestic policy; but I suggest that the board, and the government of which I am a member, feel that it would not be in the public interest. If the ban were removed, what was done afterwards would be a matter of policy, to be decided by those responsible for it.

The second suggested source, and this is an interesting one, is that we increase our own production of fats and oils to be used in the manufacture of margarine. Up to a point, that is a very logical suggestion. It certainly is desirable to lessen our American imports and thereby conserve American dollars. The 187 million pounds of fats and oils which it is proposed to import in 1948 is considerably less than the 268 million pounds imported in 1938; nevertheless it is estimated that the cost to this country will be $50 million, mostly in American funds. No one can deny that it would be desirable to increase our production of fats and oils, and as rapidly as possible. But let honourable members realize that that would make very little difference to our overall supply, because if we increased our estimated domestic production of 300 million pounds by 50 million pounds, it would simply mean that we could import 50 million pounds less. We cannot have increased domestic production and the same import allocation. Our allocation would be reduced at once to the extent of the increased production.

Hon. Mr. EULER: Why should it be? If we produce more, we ought to be able to get more.

Hon. Mr. ROBERTSON: At the moment I am not defending the present position; I am simply trying to state what it is. Honourable members who are familiar with the sugar business will recall that at one time it was suggested that we should increase our production of beet sugar in order to get a larger supply of sugar in this country.

Each country's allocation is based on its estimated production, and additional supplies are given to it to meet a certain standard of living and consumption. That has been the arrangement since 1942. Every pound of fat coming into this country is imported on a permit. Since 1942, and up to the present moment, 90 per cent of these imports was bought by the Commodity Prices Stabilization Corporation Limited. That means that 90 per cent was bought by one governmental body and sold again to the various food producing industries in Canada. I emphasize that in order to make sure that there will be no violation of our international allocation system. Every pound that comes into this country is imported on a permit.

Hon. Mr. EULER: But not from the United States.

Hon. Mr. ROBERTSON: I am not talking about American exports; I refer to the control of imports, as far as Canada is concerned.

Hon. Mr. EULER: From the United States as well?

Hon. Mr. ROBERTSON: From any country.

Hon. Mr. EULER: You said a moment ago that no permit was required for those imports.

Hon. Mr. ROBERTSON: I am trying to make clear that in its relationship with Canada, the United States does not issue export permits. I refer to our undertaking to control the allocation of domestic supplies from imports. Every pound comes in on an import permit and becomes subject to the control of the Oils and Fats Administrator in this country.

Hon Mr. MACKENZIE: May I ask a question?

Hon. Mr. ROBERTSON: Certainly.

Hon. Mr. MACKENZIE: With regard to the allocation made to each specific nation

of the twenty-five member-nations which my friend mentioned, is there a general purpose allocation or a specific allotment to the individual member-nations of the group?

Hon. Mr. ROBERTSON: I do not know that there is any specific allocation for any particular purpose. I think that we indent, as it were, for our supplies, and it is the job of this organization to furnish them as best it can. In regard to our domestic supplies, the Oils and Fats Administrator has the power, and exercises it, of taking over all quantities of oils and fats which exceed four hundred pounds. He takes the combined imports and domestic supplies and allocates them on a proper basis.

Hon. Mr. CAMPBELL: Is a permit required to import soy-beans into Canada from the United States and Manchuria?

Hon. Mr. ROBERTSON: I understand that a permit is required for every commodity of that kind, not only the oil but the raw material to make the oil. That would obviously be the case, otherwise the controller would not be in a position to know whether or not we were receiving our full allocation. Every pound of edible oil, peanuts, coco-nuts or other raw material, is subject to his control. I am not arguing the merits of the system, I am merely trying to be factual.

Hon. Mr. LAMBERT: Did my friend say that 90 per cent of the imports were subject to permit?

Hon. Mr. ROBERTSON: Ninety per cent of them are actually purchased by the Commodity Prices Stabilization Corporation Limited; the other ten per cent are also subject to permit, but are imported by private individuals.

Hon. Mr. EULER: When we export vegetable oils, say to the United States, is a permit required?

Hon. Mr. ROBERTSON: I think that a permit is required both as to export and import. I am glad my honourable friend asked that question, because I am advised that our production of linseed oil in 1947 materially exceeded the estimate made earlier in the year, resulting in a surplus of this particular product.

Hon. Mr. HAIG: Correct.

Hon. Mr. ROBERTSON: The system works this way: let us say that our estimated production for 1947 was for 90,000,000 pounds of linseed oil, but we actually got 120 million pounds. The 30,000,000 pounds in excess of our estimate is not of use to us, I think, for other purposes than the manufacture of paint, for which we already have sufficient. So we place that excess at the disposal of the International Emergency Council, which in turn distribute it wherever it sees fit. In those circumstances we become an exporter, just as the eastern countries are. That situation actually happened this year.

Hon. Mr. EULER: May I ask one further question? We do export some vegetable oils to the United States as has been stated by the leader; but he is not sure that an export permit is required. Am I correct in that respect?

Hon. Mr. ROBERTSON: I would think a permit would be required. Otherwise, I do not know how we could account for it.

Hon. Mr. EULER: My question is this: To the amount to which we export vegetable oils, is it not a fact that we get exactly the same amount back from other countries?

Hon. Mr. HAIG: No.

Hon. Mr. ROBERTSON: Again, I must answer by giving an illustration. Let us assume that when we make our indent we estimate production at 100 million pounds, and we ask for an allocation on that basis. Two things can happen. First, if the estimated production of 100 million pounds dwindles to 80,000,000 we have a right to ask for more to bring us up to our over-all requirements. Secondly, if the converse of that situation were the case, it would be unfair of us to not give back to the I.E.F.C. the amount in excess of our requirements, which could perhaps be used for paint. It is obvious that we would not keep that extra 20,000,000 pounds. That is the way in which it appears to work; and in that respect we become an exporter.

It has been stated that Canada exports other items than oils and fats to the United States. I have already pointed out that, on balance, the United States was in a state of self-sufficiency. I believe that in some instances that country does export and import, and I know that as far as Canada is concerned we have scrupulously observed our obligations to other countries.

The honourable senator from Rockcliffe (Hon. Mrs. Wilson) asked me a question some time ago. The honourable lady senator asked why, if we had so much butter, we could not trade some of it with the United States for margarine; we would have the same butter-fat content. Well, probably the United States would be glad to get the butter, and the margarine would be made available here at a

lower cost. I endeavoured to get some information about the question. I asked the official who should know, and he replied that he could not give a specific answer; but he said that looking broadly at such a proposal he felt it would be difficult to administer, and that because of the transportation and administrative difficulties it would not be practical to swap these products back and forth. Again, there may be some doubt whether this would meet with public approval, although it is true that people want margarine at the lower price. The proposal would not have been practicable a year or two ago, because at that time prices were subject to subsidy conditions, and no gain would have resulted. All I can say in reply to my honourable friend is that it is doubtful whether the idea would be feasible.

Every now and again I see reports in the papers that various individuals are offering margarine which could be sold in this country but for the ban on this product. About two months ago it was announced that some person had 150,000 pounds which, he stated, could be sold here at some price between 31 and 38 cents. More recently I noted a report in the *Montreal Star* that 500,000 pounds per month of margarine had been offered by Dutch interests. That quantity per month amounts to 6,000,000 pounds a year. In a footnote reference is made to another assumed supplier who would provide an additional 500,000 pounds per month, but who did not want his name divulged. This man said he had the margarine available, that it was not subject to the International Emergency Food Council allocation of fats and oils, and that therefore it would not affect Canada's allotment of such other commodities as shortening and salad oils.

That statement seemed to me an important one, and I felt that some explanation was desirable. The country from which the supplies would be obtained was, it appeared, the Netherlands, which is a member of the International Emergency Food Council. I was advised that all the council does is to allot to each country a certain proportion of these products, and that if a country, having received its allotment, had an exportable surplus, what it did with that surplus was its own business. For instance, if Canada, having a certain quantity of butter, whether from domestic or other sources, was desperately in need of United States dollars or some other currency, and decided to ration its own people and export 50,000,000 pounds of its butter to the United States, or even Timbuctoo, that would be Canada's affair. Similarly, as I am advised, if the Netherlands or Denmark, because of their desperate need of Canadian dollars, were prepared to reduce the amounts they consume at home, they could export their surplus to Canada or any other country. The only condition would be that the exported supplies would have to be charged up to the respective allocations of the importing countries. The responsibility of the International Emergency Food Council ends when it has made the allocation.

But if the importation of margarine to Canada were legalized, and if from one of these outside sources we obtained supplies of margarine, what would happen? It is this: the amount would be subtracted from our allocation as a receiving country; and the imported margarine would be deducted from our supplies, thus leaving us short to that extent of available oils.

I remember reading not long ago about a peculiar position in which Great Britain found herself. She was most anxious to obtain food from Denmark, which having a surplus, wanted to dispose of it. Britain was willing to pay for it, but the Danes wanted coal, and nothing else, in payment, and they withheld their food until they got the coal.

Now, if any western European countries which possess an exportable surplus are in need of Canadian dollars, perhaps I could offer a suggestion. The honourable member from De Lorimier (Hon. Mr. Vien) is conducting a campaign in this country to raise $10,000,000 to provide the children of Europe with various necessities, particularly food, and that, I assume, includes fats and oils. Where are those supplies to come from? You cannot feed children dollars, you have to give them food. If fats and oils are needed, it would be the height of folly to bring them from Europe to Halifax or Toronto and then ship them back across the Atlantic. I would suggest that, if Denmark or the Netherlands want our dollars and the children of Europe need fats, and fats are available in the countries I have named, my honourable friend supply the dollars and let these countries provide the food.

Possibly there are places where margarine or the materials to make it with can be had. I suppose we could resign from the International Emergency Food Council and resolve to get our own supplies, even try the use of "the big stick". But where could supplies be obtained? You cannot use a big stick against the United States, which intends to reserve for her own nationals what has been allocated to her. It is true that we might undertake to increase our domestic supplies; but I would remind honourable senators that, even with the spur of high prices, domestic production in the last ten years has shown a very small increase, and a decline is anticipated. It is one thing to talk about increasing production rapidly; but

the fact is that it is not expanding rapidly, and what will happen in the future remains to be seen. It is true that one item, vegetable oils is in more plentiful supply, but the total production is not very great.

I hope I am not trespassing on the time of the house. Some part of the explanation which I feel it necessary to make has caused me a certain degree of embarrassment. I do not mind admitting to some disappointment in that the honourable member from Churchill (Hon. Mr. Crerar) failed to mention that the condition to which he referred is not a policy of this government with which I am associated. It came into effect when a government of which my honourable friend was a member, and the senior member, was in power.

Hon. Mr. CRERAR: No. When was this?

An Hon. SENATOR: This was during the war.

Hon. Mr. EULER: The war is over.

Hon. Mr. ROBERTSON: I am referring to 1942.

Hon. Mr. CRERAR: Ah, but may I remind the honourable leader that the prohibition in the Dairy Industry Act which this bill seeks to remove was put into effect in 1922 or 1923, and that I opposed it then as strongly as I oppose it now.

Hon. Mr. ROBERTSON: That is not what I was referring to. What I was speaking about was the international situation as regards fats and oils and our responsibilities thereunder. Perhaps the honourable senator was out of the chamber when I was speaking on that matter. I am referring to the policy with respect to the obligations of this country. It was put into effect in 1942 by the government of which my honourable friend was the senior member. It could have been determined only after a great deal of discussion. I am convinced that my honourable friend is vastly better informed on this matter than I am. He must have known about it; it must have been discussed; the reasons for it must have been given. I can understand him saying that that time has gone by, as the senator from Waterloo (Hon. Mr. Euler) has just remarked, and that the war is over, but I cannot understand him absolutely ignoring the whole issue. This applies not only to my honourable friend (Hon. Mr. Crerar), but to other members in this house who were in parliament, and who were occupying prominent positions when this legislation was introduced.

Hon. Mr. DUFF: They were cowards.

Hon. Mr. ROBERTSON: They know what it is. Every man who has stood up here and supported the bill introduced by my honourable friend from Waterloo, was a prominent and outstanding member of parliament when this policy was adopted and carried. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) was in the house, as was my honourable friend from St. Boniface (Hon. Mr. Howden).

Hon. Mr. EULER: Do you mean in the House of Commons in 1942?

Hon. Mr. ROBERTSON: Yes.

Hon. Mr. EULER: I was not in that house at that time, and you have said that every member supporting this legislation—

Hon. Mr. ROBERTSON: Just a moment. My honourable friend should be patient. I am going to refer to the Senate, because there are no better qualified men on public opinion in this country than are to be found in this house.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LAMBERT: I should like to interrupt before the honourable leader proceeds along this line. He has spoken about legislation. Is he not mistaken in referring to the establishment of the Fats and Oils Administration in 1942 as legislation?

Hon. Mr. ROBERTSON: I think my honourable friend from Ottawa (Hon. Mr. Lambert) is correct. The term "legislation" is wrong, but my honourable friend knows of the policy, because there is no more competent person in parliament today on this matter. My complaint is not that my honourable friend does not agree with it, but that he does not tell about it and explain the consequences of it. We owe the disclosure of that information to our constituents. Why should I be left to explain the facts? My honourable friend from Grandville (Hon. Mr. Bouffard) attempted to explain it to a degree, and all the thanks he got from my honourable friend from Waterloo was that he had "heard it a thousand times." Well, he is now hearing it from me for the thousand and first time. It is a factual matter, and the people of this nation are entitled to information about it. It is all very well to say "You should not have done it". That is a fair argument; so why ignore it? Is it not an important factor? You do not want Canada to break its obligations, do you?

Hon. Mrs. WILSON: Why should we be the only country of all those who signed the agreement to maintain the prohibition on the importation of margarine?

Hon. Mr. ROBERTSON: I am not speaking of the prohibition. That has nothing whatever to do with the international situation. Other countries are not concerned about whether we remove the ban or not. My argument is that, whether the ban were removed by the measure introduced by my honourable friend from Waterloo or by action of the government under the Geneva trade agreement, the situation would be exactly the same. I am talking about available supplies. I have an idea that throughout the length and breadth of this country there is a feeling that the only thing that stands between the consumer and margarine is this prohibition; and I say it is not so.

Right Hon. Mr. MACKENZIE: Has any one of the twenty-five contracting countries contracted out of the obligations of the I.E.F.C. conference?

Hon. Mr. ROBERTSON: No. They are all living up to their obligation.

Hon. Mr. HUGESSEN: I should like to say to my honourable friend that last year South Africa, which is a member of that group, started the manufacture of oleomargarine.

Hon. Mr. ROBERTSON: I did not state that it had not. My honourable friend has misunderstood me. I am not suggesting that they cannot manufacture oleomargarine; I am only stating that we cannot get any more fats and oils in this country by virtue of removing this prohibition. What we may do with the fats and oils is not the concern of the I.E.F.C. What I think my honourable friend means is that, if we remove the prohibition, the I.E.F.C. would not be concerned whether we made margarine or not.

Hon. Mr. HUGESSEN: Why criticize my honourable friend for suggesting that the same thing be done in this country?

Hon. Mr. ROBERTSON: That is not my argument.

Hon. Mr. McLEAN: If we are not to get any margarine from Newfoundland, why did we ban it in the agreement? Newfoundland was prepared to ship it to this country. If we are not going to get any from outside, why put this in the agreement?

Hon. Mr. ROBERTSON: My honourable friend has asked me a legal question about which I know nothing. It has nothing to do with my remarks. What we will do if Newfoundland comes in has no bearing on this. I am only talking about the available supply of fats and oils. The honourable senator from Leeds (Hon. Mr. Hardy) said that he knew a man in the United States who would come over here and manufacture margarine. Honourable senators, that statement is not according to the facts. What the honourable senator should have replied to that man was, "Well, my friend, this atrocious government" if you like, "by virtue of its membership in an international organization, has an arrangement with the United States requiring import permits, and until we get clear of that government or the arrangement you can do nothing for us." That is the answer.

Hon. Mr. EULER: No, it is not.

Hon. Mr. HOWARD: Sure it is.

Hon. Mr. ROBERTSON: I have no doubt that my honourable friend from Ottawa (Hon. Mr. Lambert) is more conversant with our obligations under the Hyde Park agreement than any other man in this house. He should have given us the benefit of his knowledge.

Hon. Mr. CAMPBELL: Honourable senators—

Hon. Mr. CRERAR: I dislike very much interrupting a speaker when he is addressing the house—

An Hon. SENATOR: One at a time.

Hon. Mr. CRERAR: —but I think my honourable friend the leader of the government will admit that in the allocation of fats and oils in Canada we can make any disposition we like.

Hon. Mr. HAIG: He has said that.

Hon. Mr. ROBERTSON: I said so.

Hon. Mr. HOWARD: You were out of the chamber when he said it.

Hon. Mr. CRERAR: Even so, is that a reason why we cannot manufacture margarine? In the second place, the argument is based on the shortage of fats and oils and—

Some Hon. SENATORS: Order!

Hon. Mr. CAMPBELL: May I ask the honourable leader a question? In the event of the prohibition being removed as a result of the passing of this bill, or in the event of the prohibitive law being declared *ultra vires*, would it not be up to the Wartime Prices and Trade Board to decide whether they would yield to the great pressure of public opinion and allow the manufacture of oleomargarine?

Hon. Mr. ROBERTSON: You are quite right. There are 3,000 baking industries in Canada from Halifax to Vancouver—

Hon. Mr. EULER: And there would be ten million consumers of margarine and butter.

Hon. Mr. ROBERTSON: Suppose the government in its wisdom wanted to take away from these 3,000 bakeries throughout the country 10 or 20 per cent of their existing fats in order to permit of the manufacture of oleomargarine at some central place in this country—where, I leave to your imagination—surely it would not increase the sum total of fats. Would it? Is there any argument in answer to that?

Hon. Mr. DUFF: What about seal oil?

Hon. Mr. LACASSE: I should like to make a reply—

Some Hon. SENATORS: No, no. Order!

Hon. Mr. ROBERTSON: I suggest—and I consider this to be important—that consciously or unconsciously the consumers of Canada are being misled into the belief that the passing of this bill would immediately result in making margarine available in abundance. I say to you that under existing circumstances that could not happen, and that it could not have happened at any time since 1946. I repeat, this is an academic argument. It is like a high school debate as to what policy should be adopted when conditions return to normal.

Hon. Mr. HOWDEN: Is there any reason why if this ban were removed we could not produce far more fats from flax and other things?

Hon. Mr. ROBERTSON: I tried to explain that it is desirable to increase our production of fats and oils, if for no other reason than to save American dollars. But under the pool system to which I have referred we are, in proportion to our consumption, one of the heaviest importing countries in the world; and the more we produce, the less there will be available to us for importation from the pool. Our quota would go down in proportion to our increased production.

Right Hon. Mr. MACKENZIE: May I ask my honourable friend a question? He said that the people are being misled on this question, and I agree with him entirely. Is there not a danger that the very passing of the motion for second reading of this bill would cause them to be further misled into expecting production of large quantities of margarine at an early date?

Hon. Mr. ROBERTSON: I believe so. My impression is that the countless telegrams and resolutions about which we have heard are not from people who are hoping that margarine will become available three years from now. A lot of things can happen in three years. We have heard it said in this debate that in 1920 the price of butter was 75 cents a pound, but within about a year or so it fell to 37 cents. I am merely trying to point out the factual situation, and I think the public are entitled to it. Of course, I realize that the public probably will pay no attention to what I say on the matter, especially in view of the attitude taken by our newspapers. The newspapers are as much to blame as anybody else for the people's lack of information on this subject. I generally look upon writers in the press as knowing far more than I do about what is going on in governmental circles. Sometimes they are accused of having special sources of information in government departments. My own view is that the information we get from the press is based on shrewd guesses and intelligent opinion. The writers know what is going on. How is it, then, that the newspapers of this country have maintained such a conspiracy of silence as to our obligations under the International Emergency Food Council? It is not fair to the people of this country not to let them know. The newspapers have a right to argue against the ban on oleomargarine, if they wish, but why not tell the people what the facts are?

Hon. Mr. DUPUIS: The information is not paid for, as an advertisement is.

Hon. Mr. QUINN: Even if my honourable friend's criticism of the press holds good, what about the boards of trade throughout the country? Are they not in a position to tell the people the facts?

Hon. Mr. ROBERTSON: They, like me, get their news from the press. My honourable friend does too, and I doubt if he knew about some of these things until I just stated them.

Hon. Mr. EULER: The leader is criticizing the press for not telling the truth or not stating the facts—

Hon. Mr. ROBERTSON: Don't put words into my mouth. I have enough to answer for.

Hon. Mr. EULER: Has the government ever informed the press of those things which the leader says are facts?

Hon. A. L. BEAUBIEN: Did the government do that when you were a member of it?

Hon. Mr. ROBERTSON: I think this government is very modest and does not give out as much information as it should about what

it is doing. Just what information newspapers have received from official government sources, I do not know. My point was that ordinarily I find the newspapers are far better informed on governmental matters than most of us, even though we are members of the government, and I fail to understand how they could not know about these international obligations. The powers of the Fats and Oils Administrator of this country were extended about a month ago. This is something that we here know about, or should know about.

Some supporters of the bill say that even if the impossibility of our obtaining margarine at present is admitted, the ban on margarine is bad in principle, so why not take it off the statute books? I will give one reason against removal of the ban, a purely local reason applicable to the dairy industry in part of my province. Whether it is applicable to the industry in other parts of the country, I do not know. In my opinion, even if the bill were passed margarine could not be made available to consumers for three years. If I am right in that, it might at first seem that for at least three years the measure could not result in injury to farmers. But the difficulty arises because there is little appreciation of the length of time that would elapse before margarine could be made available. I am not particularly concerned about farmers on rich lands strategically located with reference to good markets, in the province of Ontario, for instance. I can quite easily believe that many farmers, even some dairy farmers, feel as does the honourable senator from Leeds (Hon. Mr. Hardy), who said the successful operation of his dairy farm would not be affected by removal of the ban on margarine. But the people I am thinking about are the large number operating marginal farms—and not a few of these are returned men, for, generally speaking, they did not get the rich lands—I say I am thinking about the marginal farm operators, who are having an exceedingly difficult time to make things go.

Hon. Mr. DUFFUS: They are in the low-income bracket.

Hon. Mr. ROBERTSON: What matters is, not what we think would happen to them, but what they think. And I am convinced that even the second reading of this bill would indicate to them that the protection which the dairy industry has had for some twenty years is at an end, that in consequence the industry will soon be ruined, and that for them "the jig is up." Many of those people would, I fear, be at the mercy of human vultures in the form of speculators trying to induce them to sell their stock and equipment at panic prices. I say to honourable senators that this measure would be entirely unfair to farmers of that class in my province. I am not speaking of farmers in the Milford valley, who produce milk for the Halifax market, I am talking about the marginal producers. I believe that ultimately, particularly if we get no compensatory advantages for the dairy industry in the export markets they still would not be protected. If we cannot help the consumer why should we take that risk?

I am not qualified to say what the general effect of the removal of the ban would be in normal times. Some have said that it would not hurt the farmer; others I have heard said that it will. I believe the answer depends upon whether or not, upon the removal of the ban, there are compensatory advantages to the dairy industry in the export market. Should there be no such advantages I can tell you what the effect would be.

Honourable senators know that Canada now produces approximately 350 million pounds of butter per year, or about twenty-eight to thirty pounds per capita. Let us suppose for the sake of argument, that the ban is removed and that there are no compensatory advantages in the export market, and that Canada's consumption of butter is reduced to the level of consumption in the United States. May I give some comparative figures? In 1946 Canada's butter consumption was twenty-eight pounds per person, and that of the United States was eight pounds. True, Canada has no margarine; but the consumption of that substance in the United States was three pounds per person. Canada used fourteen pounds of shortening per person while the United States used about twenty-seven pounds. It will be seen that we have a fantastic consumption of butter per capita. If the removal of the prohibition on margarine were to result in our use of butter dropping to the United States level, our consumption would amount to only eight pounds each for approximately 13,000,000 people. If, for easy figuring, we assume that our consumption is reduced to ten pounds per person, this would mean that our total consumption would be approximately 130 million pounds instead of 350 million pounds, as at present. Without compensatory advantages in the export markets this would be serious for the dairy industry.

My honourable friend from Provencher (Hon. Mr. Beaubien) said the other day that the farmer should give up butter making and sell his milk to the cities. According to the figures given recently by my honourable friend

from Churchill (Hon. Mr. Crerar) it would appear that there is not a farmer in this country who is in a position to sell milk who does not do so. I believe that with the high standard of living in the cities today the consumption of milk is extremely high. It may not be as great in the future as it is now. I agree with the suggestion of my friend from Provencher; but the extent to which the removal of the ban will injure the farmer depends entirely upon whether or not he receives compensatory advantages in the markets outside Canada.

I now wish to say a word or two with regard to the future, and I apologize to my friend (Hon. Mr. Euler) for taking so much time.

Hon. Mr. EULER: Go ahead.

Hon. Mr. ROBERTSON: My friend has asked me so many questions that he must bear some of the responsibility for the length of my remarks.

I come first to the question of principle. I am a modest, long-suffering man, and I follow the Biblical injunction about turning the other cheek when somebody smites me. However, there was a remark made by my friend (Hon. Mr. Euler) which did not particularly appeal to me. He said that he wished the government would take its courage in its hands and pass this legislation.

Hon. Mr. EULER: Hear, hear!

Hon. Mr. ROBERTSON: The implication of that remark is that the government, because it does not do what he wants them to do when he wants them to do it, lacks the necessary courage. Human nature being what it is, I might well be tempted to reply in kind. I might even ask my friend what about the lack of courage on the part of the government of which he was an important and influential member.

Hon. Mr. EULER: I have fought this battle for more than twenty years.

Hon. Mr. ROBERTSON: I remember when my friend put up a valiant struggle back in about 1923.

Hon. Mr. EULER: 1922 and 1923.

Hon. Mr. ROBERTSON: I have read the debate of that day.

Hon. Mr. DUPUIS: What about government solidarity?

Hon. Mr. ROBERTSON: We will come to that point.

From 1923 until about two years ago there was a conspicuous absence of any agitation on his part for the removal of the ban. I could say to my friend that it was because of a lack of courage, but I do not propose to make that observation. I do not believe that the lack of courage was the cause of that silence.

Hon. Mr. LAMBERT: There was a surplus of butter.

Hon. Mr. ROBERTSON: I am glad my friend has said that. I thought he was going to apologize for my friend from Waterloo (Hon. Mr. Euler) and say the reason was that the price of butter was down as low as thirty-five cents a pound.

Hon. Mr. LAMBERT: It was below that.

Hon. Mr. ROBERTSON: Do my friend's apologists suggest that the question of the principle disappears when butter is thirty-five cents a pound and reappears when it is forty cents?

Hon. Mr. EULER: I never said that.

Hon. Mr. ROBERTSON: I asked if your apologists were putting forth that argument.

Hon. Mr. HAYDEN: I was wondering whether, on the same basis, the question of principle should be considered when fats and oils are plentiful or when they are scarce. Is the principle one that becomes effective only when these products are scarce?

Hon. Mr. ROBERTSON: I do not know what point my friend is trying to make.

I do not believe that my honourable friend from Waterloo (Hon. Mr. Euler) lost interest in the campaign for the reason just suggested. Even in my brief term of office I have learned that every member of the government does not get his own way. I have had differences of viewpoint with my honourable friend on several occasions before, and since as he does not appear to be particularly enamoured with the government of which I am a member, I have no doubt I may differ with him in the future, but I have never discounted his ability or his influence.

Hon. Mr. EULER: His influence is very small.

Hon. Mr. ROBERTSON: I would point out that if my honourable friend, in the important positions which he held and the strong influence he represented, could not do anything about the ban in the early years, he certainly had a champion when the honourable senator from Churchill (Hon. Mr. Crerar) lent him his support, for he was at one time senior member of the government and acting Prime Minister.

Hon. Mr. EULER: You should not flatter me to make an argument.

Hon. Mr. ROBERTSON: I do not know what Mr. Mackenzie King's view on this subject was, but if my friend from Waterloo did not have sufficient support in the government he had plenty of allies outside of it, including the honourable senator from Ottawa (Hon. Mr. Lambert) who, I believe, as President of the National Liberal Federation, had more to do with electing the Liberal government in 1935 and 1940 than any other person. I point also to my honourable friend from Inkerman (Hon. Mr. Hugessen)—also was at one time President of the National Liberal Federation—who should have been a tower of strength to my friend from Waterloo.

It would appear that the allies were not strong enough; but I do not give that as the reason for the inaction of my honourable friend from Waterloo (Hon. Mr. Euler), for he is a host in himself. The real reason why my honourable friend did not do anything about the ban after 1930 was that in that year, through the Smoot-Hawley tariff, the dairy industry of this country lost a growing and prosperous market for milk and cream in the United States, and had to fall back on the Canadian market alone for the sale of their products. My friend did not proceed with the matter because he realized that the position in which the dairy industry of this country was placed was entirely unfair and that there was no possibility of getting relief. The development of that market led to the sale of 21,000,000 pounds fat equivalent in 1927, but two or three years afterwards the amount fell to 32 pounds. The business was absolutely eliminated. Our farmers lost that market and were thrown back on the home market. I suggest that this fact indicates the real reason why governments took no action during those years.

Hon. Mr. HOWDEN: In other words, in those days there was not the need for margarine.

Hon. Mr. ROEBUCK: I suggest it was lack of courage.

Hon. Mr. ROBERTSON: I might be tempted to say something about that were I not, as I have said, a believer in the biblical principle of forbearance. Not lack of courage, but the situation I have mentioned, is the true explanation.

Hon. Mr. HOWARD: The lack of courage comes from the other side.

Hon. Mr. ROBERTSON: It was not lack of courage, it was good sense on the part of my honourable friend. What he and his colleagues said in effect, was this; "The dairy industry have lost their export market. Before we throw open our market to American exporters of margarine we want their market back again to compensate the dairymen for what they have lost."

Hon. Mr. EULER: Whether that be so or not, I rather object to having words put in my mouth.

Hon. Mr. ROBERTSON: If that was not the reason, my honourable friend will no doubt tell us what it is.

Hon. Mr. MURDOCK: Are you through?

Hon. Mr. ROBERTSON: No.

Hon. Mr. MURDOCK: Excuse me for asking. I wanted to move the adjournment of the debate after this hour and twenty minutes' talk.

Hon. Mr. EULER: May I ask the leader of the government a question? He is referring, I think, to the years 1930 to 1932?

Hon. Mr. ROBERTSON: Yes.

Hon. Mr. EULER: What government was in power then?

Hon. Mr. ROBERTSON: I could not charge my honourable friends with the responsibility while they were not in power. I am talking only about the time they were in power. And I find no fault with my honourable friends opposite: as a government they did no different from us, and we did no different from them. I am not blaming them.

Hon. Mr. EULER: You know you gave that impression.

Hon. Mr. ROBERTSON: I was referring to the period where my honourable friend was in office. He retired in 1930. But in my judgment the consequences of the policy have extended right through the years to the present time. However, I accept my honourable friend's correction and I apologize if I have misled the house in any way.

Now, taking the hint of my honourable friend from Parkdale (Hon. Mr. Murdock), I will conclude. I am going to enumerate some questions and try to answer them, and then I shall have no more to say.

First: Suppose we pass this bill, will the consumers of Canada then be able to get margarine in addition to the butter, shortening and other foods containing fats and oils that they are getting now?

The answer is, no, not for at least three years. Where would the margarine come from? The fats and oils used in its manufacture are in short supply, not only in Canada but all over the world. The world supply is allocated by international agreement, and we are bound not to import more than our quota. The imported fats and oils from this quota, together with the fats and oils we produce ourselves, are rationed out by the Wartime Prices and Trade Board to the makers of such foodstuffs as shortening, bakery products, and canned foods, which are consumed by people of Canada. There are no extra fats and oils available for margarine. The only way the Canadian consumer could get a pound of margarine at present would be to cut down his consumption of other foodstuffs containing fats and oils by an equal amount. Under these circumstances, there is no possibility of the Canadian people getting any significant amount of margarine before 1950 or 1951 at the earliest. To pretend otherwise is merely to perpetrate a cruel deception on the consumers of this country.

Second: Why not pass this bill even if we cannot get margarine for the next three years or more: could it do any harm?

My answer is, yes, it could do considerable harm. Although the passage of this bill cannot possibly be followed by any important amount of margarine for at least three years, and hence could not hurt the dairy farmer in the interval, the farmers themselves are not generally aware of this situation. Such is the state of feeling on this issue today that, I believe, there are thousands of dairy farmers on marginal farms who would believe that the ending of the twenty-five-year ban on margarine meant the death knell of their businesses. It is not what we think would happen to them, but what they think. Among them are thousands of returned men. There always exist human vultures in the form of speculators ready to prey on their fears and induce panic selling of stock and equipment. Such panic selling and disorganization of dairy production is a possibility we must very definitely take into account: it could be a calamity.

The third question is: How can the controversy over margarine be settled in a reasonable and constructive way, acceptable both to the dairy farmers and to the consuming public?

Personally, I believe it most important that this perennial controversy should be finally settled for the future in a spirit of constructive compromise. I feel equally convinced that the passage of this bill is not the right way to attack the problem. The compromise must be found in the dairy farmers realizing that public opinion is rapidly forming against all protection, particularly in its extreme form. The farmers might also consider whether the margarine ban is really as helpful to their businesses as they think it is. My suggestion is that their troubles started when a promising and profitable export market for milk and cream was killed by the Smoot-Hawley tariff in 1930, and that they might canvass the possibility of regaining it.

On the other hand, the consumers must be ready to compromise by realizing that precipitate action in removing protection is extremely unwise, whether that protection was wise or unwise when it was first established. The success that has attended the reciprocal trade agreements between Canada and the United States and the generally favourable reception that has been accorded the Geneva trade agreements, is based on the gradual nature of their attack on long-established protective devices. If and when the ban on margarine is removed, in my personal opinion it should be our objective to have such action accompanied by reciprocal action to secure satisfactory alternative markets for the dairyman. When normal trading conditions return, if the ban were lifted, there would no doubt be heavy imports of margarine from the United States. It is only common sense that this should not be allowed to happen until reciprocal advantages for an even greater volume of dairy products were secured in that market. The one-way traffic is too great as it is without making it worse.

Those are my reasons, honourable senators, for opposing this bill.

Hon. Mr. DUPUIS: Would my honourable friend hand that statement to the Canadian Press? I am sure that they would print it in big type.

Hon. Mr. MURDOCK: I move the adjournment of the debate.

Some Hon. SENATORS: No!

Hon. Mr. MURDOCK: I move the adjournment of the debate.

Some Hon. SENATORS: No! No!

The Hon. the SPEAKER: It is moved by Honourable Senator Murdock that the debate be adjourned. Is there a seconder to the motion?

Hon. Mr. MURDOCK: You won't forget, Mr. Speaker, that the Whip came around and coached you.

The Hon. the SPEAKER: All I require is a seconder, and the motion will be put.

Hon. Mr. MURDOCK: Here is a senator who speaks for an hour and a half, and who has made statements that in my judgment are untrue—absolutely untrue.

Some Hon. SENATORS: Order!

Hon. Mr. MURDOCK: And we want to get these statements before us so that we can reply to them.

Some Hon. SENATORS: Order!

Hon. Mr. MURDOCK: All right. Put the gag on if you like. That is what you are doing. It is communist domination, nothing more, nothing less. Seven hundred and forty-six thousand farmers are dominating all the poor children and women of this country.

Some Hon. SENATORS: Sit down!

Hon. Mr. MURDOCK: Please let this motion stand.

Some Hon. SENATORS: Sit down!

The Hon. the SPEAKER: I would point out to the honourable senator that his motion is not in order unless he has a seconder.

Hon. Mr. EULER: It is not my intention to delay the debate at all, and I do not want anyone to think I am trying to escape answering the leader of the government, but as a matter of ordinary courtesy that has always been granted to any other senator, I think the senator from Parkdale (Hon. Mr. Murdock) should be accorded the right to adjourn the debate. For this reason I second his motion.

Hon. Mr. MURDOCK: Gag rule!

The Hon. the SPEAKER: Honourable senators, it has been moved by Honourable Senator Murdock and seconded by Honourable Senator Euler that the debate be adjourned. Is it your pleasure to concur in this motion?

Some Hon. SENATORS: Yes.

Some Hon. SENATORS: No.

The Hon. the SPEAKER: Those in favour of the motion will say "Content".

Some Hon. SENATORS: Content.

The Hon. the SPEAKER: Those opposed will say "Non-content".

Some Hon. SENATORS: Non-content.

The Hon. the SPEAKER: In my opinion the "Non-contents" have it.

Hon. Mr. MURDOCK: After an hour and thirty minutes of talking—

Some Hon. SENATORS: Sit down!

The Hon. the SPEAKER: Order!

Hon. Mr. MURDOCK: —we are not to be permitted to read the statements that have just been made, in order to present the truth to the house. Talk about communism! If that is not communism, I do not know what it is.

Some Hon. SENATORS: Order!

The Hon. the SPEAKER: Order!

Hon. Mr. MURDOCK: You will hear more about it yet.

Hon. GUSTAVE LACASSE: Honourable senators, may I inform the honourable senator from Parkdale (Hon. Mr. Murdock) that I am ready to go on with the debate for about half an hour. That should solve our problem just now and give him all the opportunity he needs to read the remarks made by the honourable leader this afternoon, then he may reply at length tomorrow if he so wishes.

Hon. Mr. SINCLAIR: Before the honourable senator continues, I rise to a point of order. The honourable senator from Parkdale has said that the statements made here by another honourable senator are absolutely untrue. I call the attention of the house to the fact that it is entirely against our rules to make accusations of this nature. I think the honourable senator from Parkdale should be asked to retract his statement.

Hon. Mr. MURDOCK: Honourable senators, I most humbly retract the statement that the leader of this house is a liar.

Some Hon. SENATORS: Order!

Hon. Mr. MURDOCK: I am now told that there is not going to be a vote until next Wednesday, in which case I am not fussy.

The Hon. the SPEAKER: There are to be no further remarks on this matter.

Hon. Mr. LACASSE: Honourable senators, I never had so much difficulty in delivering such a poor speech as I am about to make. I do not intend to answer certain statements made by the leader of the government, because I am not only ill-prepared to do so but I could not understand half of them. This last observation is corroborated by my colleagues who sit immediately to my left and right in this chamber. Furthermore, my honourable friend who moved this amendment is much more conversant than I am with the issue at stake and, having heard the honourable leader from closer range, he should be able to make a more substantial reply.

I shall therefore confine my remarks to the speeches previously made to the amendment. I do not intend at this late date of the discussion to retain the attention of the house very long.

Hon. Mr. NICOL: Of which amendment do you speak?

Hon. Mr. LACASSE: The amendment to the Dairy Industry Bill. I think I know what amendment I am talking about. From the start my honourable friend from Bedford (Hon. Mr. Nicol) has done his best to disturb me, but having been a witness at court at least once, I shall stick to my story.

Like my honourable friends from Kingston (Hon. Mr. Davies) and Inkerman (Hon. Mr. Hugessen), I would feel remiss in my duty if I did not, first, voice the sentiments of most of the people living in the section of the province which I have the honour and the responsibility of representing in this chamber, and second, state why I share the views of those people regarding this issue, and why I intend to support the amendment of my honourable friend from Waterloo.

No one will deny that the trend of this prolonged debate has been overwhelmingly in favour of the removal of the ban on oleomargarine. We heard the voice of the Maritimes, the voice of Ontario, and the voice of Manitoba—

Hon. Mr. DUPUIS: And the voice of Niagara?

Hon. Mr. LACASSE: Pardon. Les Sauts du Niagara.

We heard these voices in one single afternoon, all favouring this amendment as, previously and since, three senators from Canada's largest city, Montreal, have done. That was the true reflection of the opinion held throughout the country. There have been, of course, some strong protests against the adoption of the measure before us. These have been made mostly, if not exclusively, by senators representing the Quebec district and Nova Scotia; but the authority of their words is considerably weakened by the fact that in their own respective communities unanimous resolutions have been adopted by representative bodies appealing to the government for the immediate removal of the ban on oleomargarine.

I shall not undertake this afternoon to reply in detail to those eloquent speeches. I will limit myself to answering what I believe to have been their main arguments. As to my honourable friend from Grandville (Hon. Mr. Bouffard), I shall be fair and generous, and shall admit that his reference to a possible misconception of civic and political freedom on the part of those who invoke the solemn principle of democracy in supporting this amendment, was well taken. As long as human nature is what it is we shall have to have laws. And what law is without the element of prohibition or coercion? It is a case of the common good having priority over individual passions and even legitimate comfort. I do not think anyone can reasonably deny that. My honourable friend's argument was very much weakened when he compared the case of margarine, which is utterly banned from the country, to that of automobiles, textiles, tobacco and what not, all of which are manufactured or grown in Caanda. I submit that his comparison here was—I shall not say dishonest, but at least lame and far from convincing.

My honourable friend from Queens-Lunenburg (Hon. Mr. Kinley) was not much happier in his comparison, although I thank him for his most entertaining speech of yesterday afternoon. He made very interesting and courageous statements regarding the excessive use of beer and Coca-Cola throughout the land, but he surely deserves the first prize for optimism if he thinks he can change human nature to the extent of having milk substituted for those popular beverages, especially among the ranks of the workers and the youth of the nation. While he was discussing those things, why did he not also express his disgust at the fact that Americans spend more money on gum than on religion?

I am sorry my honourable friend failed to understand me fully when I interrupted his sarcastic remarks regarding the addition of a colouring substance to margarine. I asked him, "Is not everything more or less coloured nowadays?" I was then alluding to the flavouring and colouring of drugs and also to the fact that we doctors collaborate with the druggists in that infernal habit—and I now challenge him to tell us whether that daily practice is a gross immorality.

May I add *en passant* that in expressing his scornful opinion of corporation lawyers my honourable friend was being far from kind to his anti-margarine friend from Quebec City (Hon. Mr. Bouffard), who is one of the ablest corporation lawyers in Canada, and a distinguished university professor, for good measure.

To my honourable friend from Kennebec (Hon. Mr. Vaillancourt) I dare to put a question which implies a comparison that I submit is much more logical than either of those I have quoted from his fellow-pleaders against margarine. Why does he not, in order to be fully consistent with himself, advocate a ban against the importation of molasses, which to my mind is in many cases a fair and wholesome

substitute for maple butter? I hope my honourable friend will not consider I am too personal in this question.

May I now be permitted, for a moment, to show one or two more inconsistencies in the attitude of those who are opposing this bill? Referring to the recent statements of a minister, one honourable senator emphatically declared that if the manufacture of margarine was permitted in Canada it would mean that many people in foreign lands who are already suffering from a shortage of oils and fats would be further deprived of these foods. Another honourable member, advocating maintenance of the ban on margarine, quoted a different minister to the effect that oils and fats used to manufacture the butter substitute would have to be taken from the quota allowed to Canada by international agreement. That does not make sense, in my humble opinion, and I suggest that interested ministers and senators should hold an early conference in order to adjust their views according to their common purpose.

Before concluding may I reply to two or three questions that we hear every day in parliamentary lobbies and some other places, although not on the street, because these are not questions asked by the average man who has a family to support. He is in favour of margarine, for he would like to have something to spread over his bread in order that whatever little butter he can obtain may be left for his children. Here are the questions we hear every day from colleagues, questions which should be put under the collective heading, "What's the use?"

What's the use of passing legislation in the Senate which you are sure will be turned down by another place?

Well, honourable senators, if we listen to such an argument we challenge *ipso facto* the utility, the freedom and the very *raison d'être* of this chamber.

What's the use of removing the ban on margarine when we cannot get the ingredients required for the manufacture of that substitute?

It is quite possible that ingredients may not be available at present, while abnormal conditions prevail, but let us at least open the door to improvement and future development.

What's the use of passing the bill when you know that the butter shortage is only seasonal?

Hon. Mr. DUPUIS: Only for about a month.

Hon. Mr. LACASSE: Those who ask that question usually add:

—and when the shortage is over, nobody will think about margarine any more.

Well, if nobody would think about it any more, what damage could be done to the dairy industry by this bill? And by passing it now we would avoid the necessity for a similar bill next session.

Having disposed of those arguments of our opponents in a fair and honest way, I hope and believe, let me in conclusion state as clearly as I can and in as few words as possible why I intend to support this very important amendment to the Dairy Industry Act. My reasons are these. First, margarine, according to highly responsible medical authorities, is not only a good substitute for butter but also a most wholesome food. Secondly, I am satisfied that the removal of the ban would improve the lot of the poor devil who is condemned for the greater part of his life to live on a sandwich diet with nothing to spread on his bread. Thirdly, I cannot bring myself to believe that the removal of the ban on margarine would seriously injure agriculture throughout Canada, notwithstanding all the arguments advanced to the contrary.

Honourable senators, during the course of this debate the word "pressure" has been used more than once. I am inclined to believe that at the present time there are strong influences at work on both sides of the fence—that is being candid—but more so on the part of the dairy industry. It is much better organized and financed than the primary producers, and the consumers are not organized at all. I have just used the word "financed" and I used it advisedly. I shall justify the use of that word immediately by quoting a few lines from an article published in *Time* magazine, of January 19, 1948. They are as follows:

Last week one of Canada's biggest butter wholesaler's scandalized by what was happening, pleaded with Ottawa to curb his . . . profits.

That sensational statement having remained unchallenged, although published in a magazine with a tremendous circulation, I am bound to believe that it was in fact true. I would add that in no small degree it strengthens my conviction that it is high time the less fortunate consumers had their day.

Hon. L. M. GOUIN: Honourable senators, I wish to say but a few words, and I shall be very brief.

In spite of my close friendship with and my regard for my honourable colleague who has just spoken (Hon. Mr. Lacasse), I do not think the consumers will have their day if we vote in favour of the bill now before us.

I have listened with interest to the remarks made by our honourable leader (Hon. Mr.

Robertson), and I am frank to say that they have made a deep impression upon me. I would even say that they have converted me, for reasons which I shall enumerate.

The leader brought home to me the fact that this is not just a question of whether or not we are in favour of the abstract principle of freedom of trade—which, by the way, is my creed—but that we have to appreciate what would result from the adoption of this now famous Bill B. I say quite sincerely that the honourable gentleman has satisfied me that from a realistic point of view the long discussion which has taken place, interesting as it may have been—and I have no illusions about my own modest and impromptu remarks—has been only an excellent academic debate.

But we are now facing a practical question of vital interest to consumers, and also to producers engaged in the dairy industry. In that connection, I may say that I have just received a wire from the Co-Operative de St. Urbain de Chateauguay, signed by its president, Mr. J. A. Z. Ste. Marie. He sends the telegram on behalf of his organization, which is no way a capitalistic monopoly. I know my good friends in Chateauguay just as well as the senator now sitting to my right (Hon. Mr. Dupuis) knows the people he represents. This organization in Chateauguay protests against permitting the manufacture and sale of oleomargarine. Even if we believed that they were wrong, objectively speaking, I say that subjectively speaking their opinion is at least entitled to our serious consideration.

The argument of our leader (Hon. Mr. Robertson) which impressed me most was that the adoption of this bill would threaten to disturb our national economy without in any way providing compensating benefits for our population at large. It seems to me, after listening to his eloquent exposé, that the adoption of the bill would not in the near future bring any relief whatsoever to the consumer.

Hon. Mr. PATERSON: Will the honourable senator keep an open mind on that point, because I propose to shoot a few holes in the argument tomorrow?

Hon. Mr. GOUIN: I shall have to wait for the broadsides of my honourable friend, and I may say that I am still open to persuasion. I am just trying to make some kind of constructive contribution to the debate, and I am liberal enough to invite discussion.

I believe that the legislation that we are now asked to adopt is premature. There is a good old saying in the English language that one should not cross a bridge until he comes to it. After listening to the address of our leader I have come to the conclusion that we will not come to the oleomargarine bridge until 1950 or 1951. I say quite frankly that at that time I should like to be called upon to vote on the question, and I am inclined to believe that if at that time there are some facts which prove to me that margarine is obtainable I shall vote in favour of putting it at the disposal of the consumers.

I believe that if the bill is adopted it will cause serious injury to agriculture, and I say so for the following reasons. It will, at least, demoralize the marginal-subsistence farmers, particularly those who are returned men. In the province of Quebec we have always had, and we always seem fated to have, large numbers of people engaged in agriculture on what we call marginal land. Morale is a most essential quality, not only in military operations but in the carrying on of any industry. Agriculture is the first of all our Canadian industries and, I believe, the most essential. When we pray to the Lord and ask for our daily bread, if possible with a little butter, we realize our dependence upon the good *habitant*—as we say in my own language.

It will be realized that I am in a very embarrassing situation. For twenty-five years, rightly or wrongly, the farmers, not only of my native province but of all Canada, have enjoyed protection. If you ask me if I like protection, I will admit at once, with the honourable senator from Grandville (Hon. Mr. Bouffard), that I do not. But I believe in equality. If you protect the manufacturing interests of Montreal or any other large industrial constituency, I want you also to protect the producers in Chateauguay, Beauharnois, and Huntingdon; and if suddenly, without any period of transition, you remove the protection from these rural producers, they will be convinced that agriculture is being sacrificed for the sake of industrial interests.

Hon. Mr. MURDOCK: May I ask one question?

Hon. Mr. GOUIN: Certainly—many if you wish.

Hon. Mr. MURDOCK: While you are talking about protection, what have you to say about this proposed protection, what have you to say for millions of children and poor people in Canada who cannot afford to buy butter?

Hon. Mr. GOUIN: I will answer that question at once. They cannot afford to buy butter. But they will not get oleomargarine before 1951.

Hon. Mr. MURDOCK: They will not get it if you accept wholesale the arguments that have been put forward. We have not had a word of proof to justify those statements.

Hon. Mr. GOUIN: I have to assume, in conformity with an old principle of law, that all senators are acting in good faith. I do not presume fraud, even on the part of my own leader! I think he is quite sincere. I say that *prima facie* his arguments have convinced me that he is right. If my honourable colleague from Parkdale proves to me that my leader is wrong, of course I shall not vote in accordance with the explanation I have just made. I am in good faith, as my venerable colleague from Parkdale is in good faith. What I am trying to impress upon him is that the adoption of this bill would be premature; that the question before us is not: Are you or are you not in favour of oleomargarine? Even though in Chateauguay, Beauharnois and Huntingdon, and also in Laprairie, they all want to hang me for it, I will say that I am in favour of oleomargarine; and if I were asked if I believe that oleomargarine is a good food, I would say yes. Probably I have eaten more oleomargarine than the great majority of my honourable colleagues, although I prefer good creamery butter from my own constituency. If oleomargarine were at once available for the use of hundreds of thousands of children of the working classes, who cannot get it now, I would vote in favour of it; indeed I would do everything I could to have a vote taken before six o'clock.

But I say that the present bill is no answer to the question: How can we get either butter or margarine for the good people of our large cities, particularly all those poor children who have always been underfed, undernourished and underclothed, and all those poor underdogs for whom I assure you, before Almighty God, I have the greatest sympathy? I was not born in a castle; I was born on St. Denis street. I did not go to a private school; I went to a little kindergarten at the corner of St. Denis and De Montigny streets, close to one of the worst slums in the city of Montreal. Those horrible slums are still there, and they are a disgrace to our country. I will not discuss that subject today; I will just say that I am in favour of improving the conditions of the people, and I would support any practical reform.

But just now we are on the subject of butter. and I feel that is a problem to which we cannot find an immediate answer. So I believe that, unless my colleagues are able to prove to me that my views are wrong, it is my duty to vote against the bill.

Hon. Mr. LACASSE: Am I to understand from the remarks of my honourable friend that under existing circumstances margarine would not be obtainable in Canada in less than two or three years?

Hon. Mr. GOUIN: I have to rely on the testimony of others. Unlike my honourable friend I am not a disciple of Aesculapius, and I do not intend to discuss the respective merits of butter and oleomargarine. But if I understand correctly what was said by our leader, we would not be in a position at any early date to obtain oleomargarine in substantial quantities. I do not say that small quantities might not be available before 1951; but we have to be practical, and if we want to give satisfaction to the poorer classes of our large cities, we must make oleomargarine available in fairly large quantities; otherwise there will be inequalities. If the people in one district of Montreal were to get a fair quantity, and those in some other wards, say St. Mary or St. James, received little or none, the situation would be much worse than it is now. Personally I am not sufficiently well informed to be a competent witness, but I have to decide the issue in the light of what has been stated, particularly by our leader and our honourable colleagues.

Hon. Mr. LACASSE: Starting from that point, would my honourable friend tell me whether, had we approved of this measure when it was first introduced, we would have had margarine by now?

Hon. Mr. GOUIN: I am not in a position to answer that question. I may appear very ignorant, but I must say frankly, even courageously, that I do not know.

Hon. Mr. PATERSON moved the adjournment of the debate.

The motion was agreed to.

YUKON PLACER MINING BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill I-7, an Act to amend the Yukon Placer Mining Act.

He said: Honourable senators, I have asked the honourable senator from Toronto to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, I shall be very brief. Some of the provisions in the bill are necessary by reason of the fact that the title of the administrative officer is to be changed from "Gold Commissioner" to "Commissioner". That requires the amendment of a number of sections. There are also some technical changes in the bill

which have to do with the staking of claims—the manner of staking and the number of claims which may be staked by or on behalf of individuals—and also with the tagging of claims and the doing of the work required to prove up the claims. Then at the end you have a new schedule, which in some places increases the various fees that are chargeable for the registrations that must be made.

It seems to me that this bill should be considered in committee, so that parts of it may be explained by officers of the department concerned.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

YUKON QUARTZ MINING BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill J-7, an Act to amend the Yukon Quartz Mining Act.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, this bill has to do with quartz mining in the Yukon, whereas the previous bill dealt with placer mining. Both bills are directed to the same end. Changes are necessary in the Quartz Mining Act by reason of the change in the title of the Gold Commissioner to Commissioner. Technical provisions relating to the grouping of claims and for recording work are incorporated in this bill, as in the other. Therefore, what I said in relation to the previous bill applies to this one.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRAIRIE FARM ASSISTANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON: moved the second reading of Bill 204, an Act to amend the Prairie Farm Assistance Act, 1939.

He said: Honourable senators, I have asked the honourable senator from Central Saskatchewan to explain this bill.

Hon. J. FREDERICK JOHNSTON: Honourable senators, the purpose of this bill is to amend the Prairie Farm Assistance Act, 1939. The explanatory note opposite the first amendment reads as follows:

> This amendment is to provide that the act may apply to areas surveyed as settlement or river lots in the same way as it applies to areas surveyed as townships.

There has been difficulty in getting benefits to residents on river lots, and this amendment is for the purpose of bringing such lots under the operation of the act.

There are four other amendments all of which are perfectly simple. The explanation of the second amendment reads:

> The purpose of this amendment is to provide that where a farmer has land in an eligible township and land in an ineligible township he can receive payment up to the full amount of his eligible land; the effect of the 1947 amendment to section 3 (4) was that such payments were pro-rated according to a farmer's holdings in eligible and ineligible townships.

The 1947 amendment was found inoperative in administration and is now taken out, leaving the subsection as it was prior to 1947.

The third explanatory note says:

> The act now provides that a block of sections having an area of not less than a quarter of a township may be taken into account under Section 7. This was interpreted to mean a quarter of a full thirty-six section township, and as a result it was rarely possible to apply Section 7 to the fractional townships lying along meridian lines. The proposed amendment corrects this by making the section applicable to one-quarter of the township under consideration, whether of thirty-six sections or less.

The fourth amendment is explained as follows:

> The purpose of this amendment is to authorize the collection of the one per cent levy on direct purchases of grain by flour mills, which are not licensed by the Board of Grain Commissioners under The Canada Grain Act; such mills are not included under section 13 as it is worded at present.

The explanation of the last amendment is as follows:

> This amendment makes all of the new provisions relating to the payment of awards applicable to the crop year 1947-48.

The payment will not be applicable to that crop unless these amendments are carried.

Hon. A. L. BEAUBIEN: Is it proposed that the Red River lots, about which there has been some controversy, should be included in and form part of the township? If so, will that be retroactive to 1947?

Hon. Mr. JOHNSTON: Yes, all these amendments will be retroactive and apply to the crop year 1947-48.

Hon. A. L. BEAUBIEN: They will take care of the condition that existed in 1947?

Hon. Mr. JOHNSTON: Yes.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

LOAN COMPANIES BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill F, an Act to amend the Loan Companies Act, as follows:

1. Page 1, line 4: Before "Paragraph" insert "(1)".

2. Page 1, lines 8, 9 and 10: Delete paragraph (a) and reletter following paragraphs.

3. Page 1: Add the following as subclause (2) of clause 1:

(2) Subparagraph (i) of paragraph (e) of section two of the said Act is repealed and the following substituted therefor:—

(i) exercising all the powers set forth in sections sixty-one and sixty-two of this Act; or.

4. Page 1, line 19: After "Canada" add "and any provision of the special Act which is inconsistent or in conflict with the provisions of this Act shall not apply".

5. Page 2, line 15: After "repealed" add the following:

"and subsection three of the said section is renumbered as two."

6. Page 2, lines 24 and 25: Delete and substitute:

(2) Subsection two of the said section fifteen is repealed and subsection three of the said section is renumbered as two.

7. Page 2, lines 39 and 40: Delete and substitute the following:

7. Subsection two of section twenty-one of the said Act is repealed and the following substituted therefor:—

8. Pages 2 and 3: Renumber subclauses (3), (4) and (5) of clause 7 as (2), (3) and (4).

9. Page 3, line 11: After "sections" insert "twenty-seven,".

10. Page 3, line 13: After "sixty-eight" insert a comma.

11. Page 3, line 13: Delete "and".

12. Page 3, line 13: After "eighty-two" insert "and eighty-two A"

13. Page 3: After clause 7 add the following as new clause:

8. Section twenty-four of the said Act is repealed and the following substituted therefor:—

24. The directors may establish branch offices and local advisory boards within Canada or elsewhere at such times and in such manner as they deem expedient.

14. Page 3: Renumber clauses 8 and 9 as 9 and 10, and subsequent clauses accordingly.

15. Page 3, line 26: Delete "shall" and substitute "may".

16. Page 3, line 34: Delete "or have been".

17. Page 3, line 35: Delete "while such shareholder".

18. Page 5, line 39: Delete "every" and substitute "any".

19. Pages 6, 7, 8, 10, 11, and 12: Delete clause 12 and substitute the following as new clause 13:

13. (1) Paragraph (e) of subsection one of section sixty-one of the said Act is repealed and the following substituted therefor:—

(e) the common stocks of any such company or of any chartered bank in Canada upon which regular dividends of at least four per cent per annum or, in the case of stocks of no par value, of at least four dollars per share per annum have been paid for the seven years last preceding the purchase of such stocks: Provided that not more than thirty per cent of the common stocks and not more than thirty per cent of the total issue of the stocks of any company or bank shall be purchased by the company: Provided further that if any such company has, pursuant to a voluntary reorganization of its capital account and without affecting the status or diminishing the value of its outstanding securities including its capital stock, substituted common shares of no par value for shares of par value, then dividends declared on the no par value stock shall be deemed to be dividends of at least four dollars per share per annum if the sum thereof is equivalent to at least four per cent of the said common stock of par value plus the proceeds of any additional issue of common stock made at the time of, or subsequent to, the aforesaid substitution of shares; and in such circumstances dividends of at least four per cent per annum on the common stock of par value immediately preceding the substitution shall be regarded as dividends on the no par value stock; or

(2) The following subsection two A is inserted after subsection two of the said section sixty-one:—

(2A) The total book value of the investments of the company in common stocks shall not exceed fifteen per cent of the book value of the company's total funds but this subsection shall apply only to a company which received money on deposit or which borrows money by the issue of its bonds, debentures or other securities.

20. Page 12: Add the following as new clause 14:

14. The said Act is further amended by inserting the following section immediately after section sixty-one thereof—

(61A) Notwithstanding anything contained in section sixty-one of this Act, a loan company which prior to the twenty-eighth day of June, nineteen hundred and twenty-two, held shares of a trust company to the extent of at least fifty

per cent of the total numbr of shares of such trust company outstanding at the said date may continue to hold such shares and may invest in the whole or any portion of any additional issue of shares by such trust company.

21. Page 12, line 36: Before "Subsection" insert "(1)".

22. Page 12: After subclause (1) of new clause 15 add the following as subclause (2) of clause 15:

(2) Paragraphs (a), (b) and (c) of subsection two of the said section sixty-five are repealed and the following substituted therefor:—

(a) A notice of the by-law and of the meeting of the shareholders called to approve the same shall be sent and given by registered mail to every registered debenture holder who holds a debenture issued by the company before the first day of July, nineteen hundred and forty-eight, and who is resident outside of Canada, or to the chief agent or chief agents of the company for the sale of debentures of the company outside of Canada at least thirty days before the date for which the said meeting is called;

(b) A notice of the by-law and of the said meeting shall be published in four consecutive issues of *The Canada Gazette*, the first of such issues to be that issued at least thirty days before the date for which the said meeting is called;

(c) The said by-law shall provide that any debenture holder who holds a debenture issued by the company before the first day of July nineteen hundred and forty-eight, and who, within sixty days after the approval of the same by the shareholders, notifies the company in writing that he objects to the said by-law and makes application for the redemption of any such debenture of the company held by him, shall be entitled to have such debenture redeemed according to its terms on the first interest date following the receipt by the company of the said notice, and the company shall on the said interest date redeem the said debenture;

(d) Paragraphs (a), (b) and (c) of this subsection shall apply only so long as there remains outstanding any debenture of the company issued prior to the first day of July, nineteen hundred and forty-eight.

23. Page 13, lines 17 to 24: Delete and substitute:

17. (1) Paragraphs (a), (b), (c) and (d) of subsection two of section sixty-eight of the said Act are repealed and the following substituted therefor:—

(a) A notice of the by-law and of the meeting of the shareholders called to approve the same shall be published in four consecutive issues of *The Canada Gazette* and in four consecutive weekly issues of a newspaper printed in every city or town in Canada where the company has its head office or a branch office, and the said notice shall also be sent and given by registered mail to every registered debenture holder, whether resident within or outside of Canada, who holds a debenture issued by the company before the first day of July, nineteen hundred and forty-eight, and to the chief agent or chief agents of the company for the sale of debentures of the company outside of Canada at least sixty days before the date for which the said meeting is called;

(b) The said by-law shall provide that any debenture holder who holds a debenture issued by the company before the first day of July, nineteen hundred and forty-eight, and who, within sixty days after the approval of the same by the shareholders, notifies the company in writing that he objects to the said by-law and makes application for the redemption of any such debenture of the company held by him, shall be entitled to have such debenture redeemed according to its terms on the first interest date following the receipt by the company of the said notice, and the company shall on the said interest date redeem the said debenture;

(c) Paragraphs (a) and (b) of this subsection shall apply only so long as there remains outstanding any debenture issued by the company before the first day of July, nineteen hundred and forty-eight.

(d) The powers conferred by the said by-law shall not be exercised by the company unless or until the by-law is approved by the Governor in Council on the recommendation of the Treasury Board: Provided that so long as there remains outstanding any debenture issued by the company before the first day of July, nineteen hundred and forty-eight, such approval shall not be given until after the expiration of the sixty-day period referred to in paragraph (b) of this subsection;

(e) The said by-law shall not increase the limit of the amount of money which may be borrowed by the company beyond, in the aggregate, ten times the combined amounts from time to time of the actually paid-up and unimpaired capital stock and reserve.

24. Page 15, lines 1 and 2: Delete and substitute:

18. Subsection four of section seventy of the said act is repealed.

25. Page 15: Add the following as new clause 19:

19. (1) Subsection one of section seventy-three of the said Act is repealed and the following substituted therefor:—

73. (1) In his annual report prepared for the Minister under the provisions of section seventy-one of this Act, the Superintendent shall allow as assets only such of the investments of the several companies as are authorized by this Act: Provided that in respect of investments made on or before the thirty-first day of December, nineteen hundred and forty-seven, the Superintendent shall allow as assets such of the said investments as are authorized by this Act or as were authorized by the Acts of incorporation of the companies or by other general Acts in force before the said date and applicable to such investments.

(2) Subsection three of the said section seventy-three is repealed and the following substituted therefor:—

(3) The Superintendent may request any company to dispose of and realize any of its investments acquired after the thirty-first day of December, nineteen hundred and forty-seven, and not authorized by this Act, and the company shall within sixty days after receiving such request absolutely dispose of and realize the said investments, and if the amount realized therefrom falls below the amount paid by the company for the said investments the directors of the company shall be jointly and severally

liable for the payment to the company of the amount of the deficiency.

26. Page 15, line 9: Delete "or have been".

27. Page 15, line 10: After the first "or" insert "who are or have been".

28. Page 15, line 12: Delete "every" and substitute "any".

29. Page 15, line 28: After "the" insert "first".

30. Page 15, line 28: After "of" insert "July".

31. Page 15, line 29: After "forty" insert "eight".

Hon. Mr. ROBERTSON moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: I move the third reading of the bill now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Right Hon. IAN A. MACKENZIE moved the second reading of Bill V-7, an Act to incorporate the Canadian Legion of the British Empire Service League.

He said: Honourable senators, this bill is introduced at the request of the present directors of the Dominion Council of the Canadian Legion, which, as everyone in this chamber knows, is one of the finest organizations in the Dominion of Canada. I could give details of the wonderful work done by this organization, but the time is not opportune.

The purpose of this bill is to change the organization's method of administration. Section 9 of the bill is the most important one, but I do not want to discuss sections at this stage. If honourable senators endorse the principle on second reading, it is my intention to ask that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

Hon. Mr. ASELTINE: What does Section 9 do?

Right Hon. Mr. MACKENZIE: It sets out the respective powers and jurisdictions of the local branches, the provincial commands, and the dominion command, with regard to assets and liabilities.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Right Hon. Mr. MACKENZIE moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 29, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 203, an Act to amend the Unemployment Insurance Act, 1940.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Monday next.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill W-7, an Act for the relief of Hazel Violet Camp Mace.

Bill X-7, an Act for the relief of Adah Elizabeth Jeffries Heinz.

Bill Y-7, an Act for the relief of Mabel Findlay Turner Rollo.

Bill Z-7, an Act for the relief of Anna Dagmar Dahl.

Bill A-8, an Act for the relief of Florence Evelyn White Marshall.

Bill B-8, an Act for the relief of Kathryn Mae Richardson Rowe.

Bill C-8, an Act for the relief of Margaret Dawson Jamieson Turnbull McKay.

Bill D-8, an Act for the relief of Margaret Elizabeth Dunn Vezina.

Bill E-8, an Act for the relief of Elizabeth Craig Blair.

Bill F-8, an Act for the relief of Charles Henry Kennell.

Bill G-8, an Act for the relief of Muriel Frances Pratt Fiddes.

Bill H-8, an Act for the relief of Leah Zeiger Rudenko.

Bill I-8, an Act for the relief of Ruth Harris.

Bill J-8, an Act for the relief of Eva Booth Morrison McCormick.

Bill K-8, an Act for the relief of Naomi Evelyn Masterangelo Rosenstein.

Bill L-8, an Act for the relief of Jean Lauder Rutledge.

Bill M-8, an Act for the relief of Henry George Chartier.

Bill N-8, an Act for the relief of Francis Russell Stone.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, I move the second reading now.

Hon. Mr. MURDOCK: What is the rush? What particular reason is there for moving second reading now?

Hon. Mr. ASELTINE: If the bills were given second reading now, they could be read the third time on Monday and be sent to the House of Commons sooner than otherwise.

The motion was agreed to, and the bills were read the second time, on division.

THE LATE SENATOR RILEY

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I regret to say that it is my duty to inform the Senate of the passing of one of our esteemed colleagues, the senator from High River, the Honourable Daniel Edward Riley.

Senator Riley was born on November 28, 1860, at Baltic, Prince Edward Island, the son of Neil Riley and Grace McEacheran. He was educated at Fanning Grammar School, Malpecque, and Charlottetown Normal School, and later became a school teacher. In 1882 he gave up school teaching and started for the West, which was just being opened up with the building of the Canadian Pacific Railway. He went first to Winnipeg, and then moved along with the railway as it was being constructed. He travelled by Red River cart from Regina to High River, and took work there as a ranch hand in 1883. During the Riel rebellion he served as a dispatch rider. Eventually he acquired a ranch of his own, and became one of the best-known and most successful ranchers in Canada. In 1890 he married Edith Thompson, of Darnley, Prince Edward Island. They had a family of five sons.

Our late colleague served as mayor of High River, ran as Liberal candidate in the Alberta provincial election of 1917, and was

President of the Western Stock Growers Association. He was appointed to the Senate in 1926, representing High River. He passed away in a Calgary hospital on April 27, after a brief illness, at the age of 87 years.

As honourable senators know, Senator Riley was a faithful attendant of the sessions of the Senate. He was always on hand when parliament opened, and followed the discussions of public questions with the keenest interest. Early in the year, when circumstances permitted, he seemed to enjoy the opportunity to revisit his native Prince Edward Island. As the season wore on, and spring came, he appeared to become restless, as if impatient of confinement within man-made walls. He would speak wistfully of the "great outside" and the open spaces of the country in which he had so long lived.

In the passing of our colleague we have lost a kind and generous friend and a leading and dramatic figure in the building of the West. For my part I shall not soon forget him. I am sure that his great spirit will linger amid the foothills of the mountains through which he rode in his lifetime, and which he knew so well.

Hon. FRED W. GERSHAW: Honourable senators, as the leader of the government has said, the late Senator Riley was one of those courageous, stout-hearted men who ventured far into the then unknown regions of Alberta, an outstanding member of a group of pioneers who are rapidly passing away.

He established a home in the foothills of the distant Rockies, where he and Mrs. Riley lived strenuously, but where they maintained a cheerful home atmosphere, in keeping with the words of the old song:

> Where seldom is heard a discouraging word,
> And the skies are not cloudy all day.

He and Mrs. Riley maintained the very highest traditions of the ranching fraternity. They were noted for their hospitality, and no one was ever turned away hungry from their door. They were always helpful and good neighbours who gave advice freely to those who sought it. Like other ranchers they assumed heavy responsibilities, and sometimes sustained tremendous losses; but their word was always their bond, at a time and in country where there was much lawlessness and debauchery, their influence was always on the side of law and order. They won a high place in the community in which they lived, and those who knew them best are the ones who will miss them most.

As is inevitable, the end has come; there is no armour against fate; death lays its icy hand even on kings. It is fitting that we should pay tribute to the late Senator Riley at this time, hoping that his long and useful life will be an inspiration to those who come after him.

Hon. JOHN T. HAIG: Honourable members, the late Senator Riley, as a young man, left Prince Edward Island, and in company with another young man, named McIntyre, from New Brunswick, started west by way of Chicago and Minneapolis. They had both been school teachers in the Maritime Provinces. They had little money in their pockets. McIntyre had a basket with some food in it, and this they shared on the way.

When they arrived in Winnipeg in the spring of 1882, they roomed together and took jobs together in a lumber yard, where each made $1 a day. About a week after they had taken their new jobs, young Riley said to McIntyre: "I think the lumbering business is too hard for you; I can earn enough money to keep the two of us in food and shelter until you get another job."—Well, McIntyre became the well known Dr. McIntyre, Superintendent of Winnipeg schools, and an outstanding educationalist in Canada; Mr. Riley became a senator and one of the leading ranchers of the great West.

About five years ago I had the great pleasure of bringing the two of them together after having been separated for nearly fifty-five years. They had lost track of each other. This is the story that Senator Riley told me, and which Dr. McIntyre, in conversation with me afterwards, confirmed. I think it might be regarded as an allegory typifying life in Western Canada in those days.

As the honourable member from Medicine Hat (Mr. Gershaw) has just said, we shall miss Senator Riley from this chamber and from this country. He was a kind, wholesome individual who made all feel better who had the pleasure of his company and his acquaintance. I pay my respects to his family. I believe the mother and the youngest boy have passed on, but to the other boys he has left a great heritage. May we here who survive leave, when we pass on, as great a heritage to our children.

Hon. NORMAN P. LAMBERT: Honourable senators, I should like very much to have the privilege of adding a word of appreciation of our late colleague, Senator Riley. I am grateful to the opposition leader (Hon. Mr. Haig) for having recalled the story which he has just related. I remember very well the late Senator Riley recounting those interesting circumstances to me.

I greatly regret that the honourable senator from Lethbridge (Hon. Mr. Buchanan) could

not be here today. He was an old friend and colleague of Senator Riley, and I am sure he would have wished to place on the record words which would have been more appropriate and intimate than mine.

I have known Senator Riley since I came into this chamber ten years ago, but over thirty-six years ago it was my privilege to live in southern Alberta and to have a fairly close contact with his country—those rolling foothills and cattle-ranges which form one of the most glorious parts of this dominion. The late senator was born in Prince Edward Island, and in the latter part of his life, when he was a member of the Senate, he loved to return there every year for a period.

I have always felt that to know Senator Riley was to get a breath of the exhilarating air of the Alberta foothills. Somewhere, the well-known poet-sponsor of the great northwest, the late Robert Service, said of that country that the men to win her were those with "the heart of a Viking and the simple faith of a child". That, it seems to me, portrays the late Senator Riley. Unmistakably he was a part of that foothill country: it had left its indelible mark upon him. He was essentially the pioneer with some of that shyness and humility which often characterize those who have lived their days in the open air and close to nature. He went to the West during the troubles of the Northwest Rebellion, and I think I am right in saying that he was possibly the last surviving member of parliament who was entitled to wear the ribbon of the Northwest Rebellion.

We shall not see his like again in parliament. He was a great character, and one we shall think of as being definitely associated with the pioneer days of the western country. One cannot but feel that with his removal, in common with the passing from the Canadian scene in recent years of so many of his generation, "a story is passing away, a glory is passing away, of the humble who founded a nation in the travail and stress of the day".

Hon. ARISTIDE BLAIS: Honourable senators, when I read in the newspaper yesterday the sad news of Senator Dan Riley's passing, a great grief came over me, and for a moment I could not realize that this colourful figure, this old rancher, our beloved friend, would not be seen again in our midst, walking and chatting in the corridors with some old colleagues from Prince Edward Island or Nova Scotia.

I have only had the privilege of knowing Senator Riley since I came to the Senate in 1940. Immediately I was attracted by his stern character, goodness of heart, great simplicity, and his complete detachment from all the artificialities of life. I was privileged to be admitted to his circle of friends, and I could very well understand why he was so much loved by the Indian tribes of Southern Alberta. They felt that since his coming into that country in 1882 he was one of them—a man of the soil, a man close to nature who liked to go on the rounding up of the herds grazing on the slopes of the mountains, a man who was almost living their life. He was the arbitrator of their troubles, and many times he raised his voice in this chamber to redress some injustice affecting them. As a token of their esteem and admiration he was made an honorary chief of the Blackfoot tribe. No Calgary stampede was a success if Senator Riley was not seen riding in a parade at the head of the Indian tribes who had gathered there for that occasion. In 1885 he took part in the rebellion as a volunteer dispatcher, to carry important messages from Calgary to Edmonton, a distance of 200 miles. In those days that was considered a heroic feat. He was an able horseman and the Indians themselves conceded his superiority in that respect. He was also an expert in the art of ranching and of judging cattle. People came from far away to seek his advice.

Many times he was host to high officials of Canada who were visiting that country, and even the Prince of Wales, now the Duke of Windsor, spent some time at his ranch.

The people of Alberta will long remember this remarkable gentleman, so typical of the West, and they will miss him greatly.

To his family I wish to express my deepest sympathy and that of all my colleagues.

Hon. L. M. GOUIN: Honourable senators, it is a painful duty for me to rise today to pay tribute to this excellent friend of everyone of us. Indeed he deserves much better than the few remarks that I am able to make.

Senator Riley was really a grand old-timer. With his passing there disappears one of our last survivors of pre-confederation days. He was born just a few years before the actual birth of this Canadian nation of ours. When he was twenty-two years of age he left his native island, having listened to the call "Go West young man". He was truly a pioneer of our prairie provinces. He always showed me much kindness and friendship, and for this I am very grateful. He was fond of recalling the days of the insurrection of Louis Riel. He remembered my grandfather and my father. I am very glad that I shook hands with him the last time we parted. He left with his usual good smile about a month ago, and I did not suspect that we would never meet again.

There are no words to express my sorrow at not being able to attend his funeral and to accompany this veteran to his last resting place. May his kind, kind soul rest in peace.

DAIRY INDUSTRY BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. NORMAN McL. PATERSON: Honourable senators, this discussion on margarine has been very interesting, and if it were not for the seriousness of the situation it would be comic for its glaring inconsistency.

Our leader has gone to great lengths to prove that, no matter what action is taken, margarine could not be made available or the situation eased in any particular way for at least three years. Yet we have the spectacle of the greatest lobby in history going on to prevent its manufacture or import. Either we are being misled by figures or there is something we have not been told.

There has not been the slightest shadow of proof that if margarine were permitted it would not be manufactured out of what is now wasted or exported in the raw without a corresponding credit against our quota. I will give you one item. In cleaning wheat at the head of the lakes we take out weed seeds, many of them oil-bearing. There are over 400 varieties of wild mustard. The ball mustard is full of oil, and for years we have been selling our seeds as screenings to the United States, where they separate the various seeds.

Lately we have done some of the selecting by new, improved machinery, and have shipped thousands of tons of ball mustard to Duluth and Minneapolis, where it is crushed and processed into olive oil and other edible oils. One hundred thousand tons equals 200 million pounds; and if half of that is oil, we have 100 million pounds. In about a month a plant will start running at Fort William to make the oil there. There are other products which would be available and which would probably more than make up what we import, if they could be made into margarine and be sold at a reasonable price. The dairy industry knows this, hence this fierce lobby.

It has been said by honourable senators that they know this special privilege is wrong, but that it is dynamite to change it. I warn this honourable body and our government that it is dynamite to do nothing. In the last couple of days I have had the privilege of meeting a cross-section of public-spirited women, and their sentiments on this prohibition are something that cannot be ignored.

The honourable senator from Wellington (Hon. Mr. Howard) said in this house two years ago that the shortage of butter was temporary. What we find now is just the contrary. Less butter is being made, and the price is almost double; and the situation will get worse if the figures given us at great length by our leader are correct.

I was brought up in the West. I have been in close touch all my life with farms and farmers, and few farmers in recent years are in the dairy business. If margarine were available they would buy it, as owing to slow melting qualities, it is said to be more suitable than butter, and it is cheaper.

The argument that the passing of this bill might cause the poor veteran to lose his farm is so far-fetched as to be not worthy of an argument in this house. If the farm was bought on the strength of eighty-cent butter and a continuing shortage, then the veteran has been swindled.

There may be 300,000 farmers interested in manufacturing butter for sale, but I doubt this figure. I would cut that right in half, if I made a guess. But I do know there are 13 million eaters of butter in Canada, and I want to warn the Senate that if one year from now the bill comes up again and butter is then scarcer and selling at $1.25 per pound, this honourable body will have to answer some pretty embarrassing questions. If we do nothing about the present situation but just kill the bill, that might easily defeat this government.

Hon. Mr. HAIG: That settles the matter for me.

Hon. Mr. PATERSON: I hope that argument will swing my honourable friend over.

Hon. Mr. HAIG: You have convinced me that I should vote against the bill, so as to defeat the government.

Hon. Mr. PATERSON: I have a suggestion to make. It is that we give the bill second reading, after adding a clause that the measure should not become operative in any case except on proclamation. Then, in the meantime let us inquire into all phases of this question. If the dairy industry can be helped by a bonus to increase butter output, let us recommend it; but let us do something about it.

The honourable leader opposite (Hon. Mr. Haig) said from the very place where he is

sitting, that he is now and always will be opposed to special privilege. What more glaring example in all Canada is there than this butter situation? I challenge him to show his dislike for special privilege. Remember, 13 million people in Canada eat butter and are watching us and what we do.

Hon. Mr. HAYDEN moved the adjournment of the debate.

The motion was agreed to.

VOCATIONAL TRAINING CO-ORDINATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 202, an Act to amend the Vocational Training Co-ordination Act, 1942.

He said: Honourable senators, I have asked the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) to explain this bill.

Hon. ARTHUR W. ROEBUCK: Honourable senators, one feels somewhat diffident in turning from a controversial bill, such as that touching margarine, to speak on a very normal subject like vocational training. It is a little like coming down from the sublime to the mundane, but I suppose we have to get our feet on the ground again after the excitement of yesterday and its continuation today. In the circumstances I hope that honourable senators will exercise some patience in giving me attention while I try to explain this measure.

The bill is a very short one, containing a proposed amendment couched in a single line of seven words, and intended to replace two or three lines, containing thirty words, in one of the subsections of the present act. Yet, honourable senators, we should not judge bills by their length any more than we should judge men and women by their size.

Hon. Mr. HORNER: Or by the length of their speeches.

Hon. Mr. ROEBUCK: No, even if they sometimes last an hour and a half. I have, by the way, known some little women in my time —little, but oh my! This is a little bill, but it is not without its importance, and, in its setting, by no means without its interest. It raises a number of subjects.

Hon. Mr. ASELTINE: This bill does not appear to be on file.

Hon. Mr. CRERAR: Yes, it is on the file.

Hon. Mr. HAIG: It is not on my file, and I object to the honourable gentleman proceeding until it is on my file.

Hon. Mr. ROEBUCK: It has been distributed. Does the honourable gentleman ask me to adjourn the debate because a copy of the bill is not on his file?

Hon. Mr. BURCHILL: I will lend the honourable gentleman my file, if he wishes it.

Hon. Mr. HAIG: On a point of order, I wish to raise objection. The files are not being properly kept. Here is my file without a copy of this bill. I am always in attendance here—I have missed only one sitting this session—and I do not think my file should be incomplete. I would ask the Clerk of the house to see that this does not happen in future. I suggest that my honourable friend go ahead.

Hon. Mr. ROEBUCK: I remember that a few years ago an employer for whom I worked demanded in a very loud voice that his employees should not make mistakes, and the thought passed through my mind at the time that probably the one who made most mistakes in that establishment was the employer himself. Occasionally our staff may fail to distribute a bill to a single senator; that sort of thing is inevitable, and I suggest that my honourable friend should exercise a larger patience.

This bill is of interest and importance because it raises and affects a number of other subjects. It affects directly the Vocational Training Co-ordination Act; it involves the Unemployment Insurance Act; it touches the field of education; it deals with employment and, very drastically, with unemployment. I have a special interest in both the Unemployment Insurance Act and the Vocational Training Co-ordination Act, as both these measures were studied and approved in committees of the House of Commons of which I was a member, the first one in 1940 and the other in 1942. Since then I have endeavoured to keep in touch with these statutes and their operation, though, I must confess, with indifferent success.

As honourable members are aware, both these acts are related to the last war, which was most predominant in our minds at that time. Both of these measures are part of a long-term program to meet conditions of unemployment that were vividly in our minds following the depression of the 30's. It was anticipated that at the conclusion of the war those conditions might return. The interesting feature of this small and apparently unimportant bill is that it is a part of a general program commenced earlier to deal with the anticipated evil of unemployment.

Hon. Mr. ASELTINE: Did I understand the honourable senator to say that this was an unimportant bill?

Hon. Mr. ROEBUCK: I said, "apparently unimportant".

Hon. Mr. HAIG: That is a good word, "apparently".

Hon. Mr. ROEBUCK: The amendment has only seven words in it, but it is not unimportant.

Hon. Mr. ASELTINE: It may cost us a lot of money.

Hon. Mr. ROEBUCK: Not so much in relation to the benefits conferred, which I shall deal with later in my remarks. Considered in its proper setting the bill, I submit, is vitally important.

The Unemployment Insurance Act stemmed from the long period of unemployment in the hungry 30's of which, as I have said, there was dread of a recurrence. It was planned to take advantage of the period of high industrial activity to build up a great fund in anticipation of the "rainy day" which history and experience had warned us might follow. The establishment of a system of unemployment insurance necessitated, in a supplementary way, the establishment of employment offices on a national scale to take care of persons making claims on the fund. Out of that comprehensive system of employment offices—described by the present Minister of Labour as the best in the world—there arose the necessity for vocational training. The war and the necessity for the training of men in and out of the services brought about the Vocational Training Act.

The fund to which I have referred is contributed to equally by employer and employee, and is supplemented by a 20 per cent grant from the government. As a result there has been accumulated a very considerable sum of money with which to meet the possible contingencies of the years that lie ahead.

Hon. Mr. HAIG: Would my friend permit a question?

Hon. Mr. ROEBUCK: Yes.

Hon. Mr. HAIG: Could he give me any idea of what classes of people—bricklayers, farm labourers, stenographers, bank clerks and so forth—who have made claims for unemployment insurance?

Hon. Mr. ROEBUCK: I have not before me a list of the occupations of the classes making claims. The number of them is very large. It must be remembered that the Unemployment Insurance Act does not cover all occupations, and is limited, I believe, to those who receive salaries of less than $3,000. Also, it does not apply to those in executive positions.

My friend from Queen's-Lunenburg (Hon. Mr. Kinley) has whispered in my ear that "we all pay". There are some who pay and who do not draw benefits, but my information is that the department proposes to amend the act at the present session, so we do not need to discuss that point.

Hon. Mr. LEGER: May I ask the honourable senator if this provision could be made to apply to students in vocational schools?

Hon. Mr. QUINN: They would not come under the Unemployment Insurance Act.

Hon. Mr. ROEBUCK: The Unemployment Insurance Act does not apply to students.

Hon. Mr. LEGER: According to this bill it would apply to all classes of unemployed, whether they benefit by unemployment insurance or not. Therefore, it could be made applicable to vocational students.

Hon. Mr. HAIG: Or to anybody.

Hon. Mr. ROEBUCK: I will come to that point in due course.

Hon. Mr. LEGER: I am just seeking information.

Hon. Mr. ROEBUCK: You are very welcome. Please do not think I am repelling your question; I am trying to answer it.

If this proposed amendment to the Vocational Training Co-Ordination Act is passed it will open the way for government assistance—both by the dominion and the provinces, under agreements—to everybody, whether students or those formerly employed, whether they have been affected by the Unemployment Insurance Act or not. Authority will be given to the minister to enter into agreements with a province not only for vocational training but for prematriculation classes.

The fund to which I have referred has been criticized in this chamber because of its size. As it is an essential element of the employment program before us, of which this bill is a part, it would be most unfortunate if we in this chamber or the government made the mistake either of accumulating too large a fund or, on the other hand, of unwisely reducing the fund or the contributions to the fund. It is important to be accurate in this particular.

At the end of the fiscal year 1946-47 the balance in the fund was approximately $370

millions. That is a very large sum, but it affects all Canada and applies to a very large percentage of all the workers in Canada. The benefits paid to that date totalled $82,000,000.

Hon. Mr. HORNER: Has the honourable senator any record, or can he make any estimate of the loss of industrial production through men having taken advantage of unemployment insurance?

Hon. Mr. ROEBUCK: Well, naturally that could not possibly be a subject of statistics. It could only be calculated in the terms of and in the light of experience. Anyone who inquired in a general way as to what had been lost by men taking insurance benefits when unemployed, would also have to consider the human gain which has resulted from their having received a living allowance when unemployed. The one consideration would need to be balanced against the other. Then one would have to take into consideration the moral effect of unemployment insurance, on our population, the resultant lowering of nervous tension and the greater confidence of the workers in the nation.

I have said that the benefits to the end of the fiscal year 1946-47 totalled $82,000,000, of which $43,000,000 were paid in that year. The income in 1946-47 from employer and employee contributions was $76,000,000. To this was added the government's share of 20 per cent, or $15,200,000, and miscellaneous revenues, including interest, thus making a total revenue of $99,000,000.

The year 1946-47 was one of high employment, yet the amount of benefit paid was nearly one-half of all the income received. Further, it is only recently that maturity has been attained, and payment of benefit is only now beginning to show its full impact on the fund, since the maximum amount in regard to duration could not begin to be paid till insured persons had been contributing for five years, that being the minimum time necessary for the receipt of the maximum allowance. A large number of persons are now potential claimants for the maximum, which is approximately fifty and one-half weeks. Over 65 per cent of all contributors are in the highest class, and accordingly are entitled to benefit at the highest rate.

It is partly because of the high proportion of contributors in the top class that the income during 1946-47 was so high. Any large amount of unemployment would not only directly deplete the fund through benefits paid out; it would also be reflected immediately in loss of revenue from contributions and a corresponding drop in the government's share of 20 per cent. For example, total revenue in 1946-47 amounted to $99,000,000, this being the employee, employer and government contributions paid in respect of approximately 96 per cent of the insured population, reckoning unemployment to have been at a rate of not more than about four per cent in that year. Now let us consider, in the light of the figures which I have given, how safe and how great is the fund.

Right Hon. Mr. MACKENZIE: I happened to be out of the chamber when my honourable friend began his remarks; but from my analysis of the sequence of his argument since I came in, it would appear to me that there is a certain confusion between the general provisions of the Unemployment Insurance Act and the special provisions of the Vocational Training and Co-ordination Act. I may be wrong in the inferences I have drawn from the observations of my honourable friend in the last five minutes, but it would seem to me that he is dealing with the larger mass of figures of unemployment insurance, and not with the special bill, which I put through parliament in 1942, and which made special provision for vocational training and guidance for veterans in particular, and which is administered entirely by the Minister of Labour. If I am wrong I should like to be corrected on this point.

Hon. Mr. ROEBUCK: I think my friend's trouble arises from the fact that he was not here when I opened my remarks. It is true that the Unemployment Insurance Act is not being amended by the bill before us, but it is part and parcel of the general subject which I am discussing, and I have tied it in with the subject-matter in a way that I am quite sure brings me within the rules of relevancy at this time. So, with the indulgence of the house, I shall proceed, because the purpose, or one of the purposes of the measure we have under consideration, is the alleviation of the evils of unemployment. That is true also of this fund. The two will work together, I hope, harmoniously and efficiently. Therefore I have a right to discuss both at one time. One has an effect on the other.

Hon. Mr. CRERAR: I remind my honourable friend that amendments of the Unemployment Insurance Act will be brought before this house.

Hon. Mr. ROEBUCK: That is very true, and I shall not discuss them.

The Hon. the SPEAKER: I think the honourable senator (Hon. Mr. Roebuck) is going beyond the terms of the bill which is now

before us. Bill 203, an Act to amend the Unemployment Insurance Act, 1940, came before us today and will be discussed next week. The right honourable member from Vancouver (Right Hon. Mr. Mackenzie), has suggested that the discussion of this bill is going too far afield. I certainly think it is.

Hon. Mr. ROEBUCK: Honourable senators, I have not said one word about the subject-matter of the bill to amend the Unemployment Insurance Act. I submit that just because we propose to make some minor amendments to the Unemployment Insurance Act, that does not mean that we cannot refer to it. It would indeed be placing an extraordinary limitation upon debate if I were not allowed to deal with unemployment insurance, a subject which is directly affected by this bill. Let me point out—

Hon. Mr. MURDOCK: Honourable senators, could we not give this bill second reading and refer it to committee, where we would all hear what was going on and be permitted to present our views?

Hon. Mr. ROEBUCK: If the honourable senator wishes me to cease speaking, and if that is the general view taken by this chamber—

Hon. Mr. ASELTINE: Go ahead.

Hon. Mr. ROEBUCK: —I shall be happy to desist.

Hon. Mr. ROBERTSON: Honourable senators, I had hoped that this honourable house would accord the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) the right to proceed, even though, strictly and legally, he may not be regarded as speaking to the bill.

I have always appreciated the efforts of honourable senators who have given study to bills in order to present them to this house, and, having requested my honourable friend from Toronto-Trinity to explain the bill now before us, I would ask that honourable senators allow him to proceed.

Right Hon. IAN A. MACKENZIE: Honourable senators, in justice to myself, if no one else supports me, I wish to say for two reasons that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is not proceeding in the proper way. In the first place he is discussing a measure which is not before the house and, secondly, the Unemployment Insurance Bill is different from the Vocational Training Co-ordination Act. I should know a bit about that bill because in 1942 it was in my charge. Surely we cannot discuss the whole question of the social and economic problems of Canada when we are dealing with a specific measure affecting a specific group of people, and passed for a specific purpose.

I am not going to press my point of order, but in justice to myself I must make these two observations, because my honourable and valued friend is going far afield in his discussion of the measure before the house.

Hon. Mr. ROEBUCK: Honourable senators, I claim no indulgence from the house. Though it is frequently extended, I do not wish to accept it at this moment. I stand on my strict rights, and will call the attention of the honourable senators to the bill itself. It states that the words:

> to fit unemployed persons for gainful employment.

Are to be substituted for the following.

> to fit for any gainful employment persons directed by the Unemployment Insurance Commission to attend a course of training pursuant to section twenty-eight of The Unemployment Insurance Act, 1940.

If that language does not raise the subject of the Unemployment Insurance Act, then it raises nothing.

The Hon. the SPEAKER: I would ask the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to confine his remarks to the bill now under consideration. After all, on the motion for second reading, the discussion is confined to the principle of the bill. A question of order has been raised by the right honourable senator from Vancouver (Right Hon. Mr. Mackenzie), and I would ask the honourable gentleman who is speaking to direct his remarks to this bill.

Hon. Mr. ROEBUCK: Honourable senators—

Hon. Mr. HAIG: Are you finished?

Hon. Mr. ROEBUCK: No, I am not finished.

Hon. Mr. PIRIE: Go ahead.

Hon. Mr. ROEBUCK: Honourable senators, I stand on my rights, and I think there should be a ruling on whether or not I am in order. I feel embarrassed in being asked to do something that I am not obliged to do. I do not think His Honour the Speaker has any right to ask me to do this, that, or the other thing, in the course of my address; he should make a ruling.

The Hon. the SPEAKER: Order! The right honourable senator from Vancouver has raised a question of order regarding the extent

and scope of the discussion on the bill before the house. I am endeavouring to control the debate fairly and according to the rules. It is true that great liberty is given in this house, and I should dislike to see that liberty curtailed in any way; but when a matter of this kind is called to my attention. as Speaker I must ask the person addressing the house to observe the rules and confine his remarks as closely as he can to the bill under consideration. I know the honourable senator will follow the directions I have given.

Hon. Mr. ROEBUCK: His Honour the Speaker has given a ruling. Therefore there is nothing more for me to do except to read what the bill says. The whole background of the bill has been lost and a most interesting subject has been destroyed by the rules of this house—if, in fact, those are the rules.

Honourable senators, this is a short bill. The first part of it reads as follows:

Paragraph (c) of subsection one of section three of The Vocational Training Co-ordination Act, 1942, chapter thirty-four of the statutes of 1942-43 is repealed and the following substituted therefor:—

(c) to fit unemployed persons for gainful employment.

This means that the words "to fit unemployed persons for gainful employment" are substituted for the following:

to fit for any gainful employment persons directed by the Unemployment Insurance Commission to attend a course of training pursuant to section twenty-eight of The Unemployment Insurance Act, 1940.

Honourable senators, if I cannot discuss the effect of the two bills which I have mentioned, there is nothing further to be said. I did not think the rules would limit the debate to such an extent.

Hon. JOHN T. HAIG: Honourable senators, I just want to say a few words, and shall only take a minute. I have no right to say anything about the ruling made a few moments ago, but I think the right honourable senator from Vancouver (Right Hon. Mr. Mackenzie) was correct. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) discussed the Unemployment Insurance Act. I too should like to discuss that subject here, but I know that in doing so I would be out of order.

Hon. Mr. CRERAR: You will get a chance.

Hon. Mr. HAIG: I may get out of order without being aware of it, but I do not intend to get out of order if I know it.

Hon. Mr. CRERAR: You will get a chance later. There is a bill coming over from the other house.

Hon. Mr. HAIG: I know that. But I want to say that it is very unfair for some member to bring into the debate a subject which is not strictly relevant to the measure before the house, because, under a rule with which I entirely agree, anyone who wishes to reply is debarred from discussing that subject at the time, and may only do so later if it happens to come properly under consideration.

I do not like this bill, and I will state why. In an address delivered some three months ago at the University of Western Ontario, the Right Honourable Arthur Meighen, a former very distinguished member of this house, said —I paraphrase his words—that we were developing a crazy thirst for higher education. The Honourable Angus Macdonald, Premier of Nova Scotia, has since made a similar statement. Nobody could object to the education of our young people, within reasonable limits. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) has said that the educational courses contemplated by this bill include matriculation and university courses; in fact, there is no limit to the kind of courses that may be given to people under the operation of this measure. This is different from the question of making it easier for veterans to take vocational training and university courses. When that question came up in this house none of us could raise any objection, because those young men and women had lost three or four or five years in the service of the country, and we wanted to do all we could for them. But let me give you some figures. At the University of Saskatchewan 4,500 students wrote examinations this year; I think the examinations ended two or three days ago.

Hon. Mr. ASELTINE: Last Saturday.

Hon. Mr. HAIG: Of that number I estimate that about 800 will graduate. The number is so large that they cannot all go through the ceremony in one day. Now, there is no possibility of maintaining all of those graduates in their chosen profession in that province. At the University of Manitoba the number of students writing examinations is about 6,500, of whom possibly 1,000 or 1,200 will graduate. There is no possibility at all of all of them getting employment in Manitoba. In such circumstances what happens? Last year 30,000 of our people drifted down to the United States, and those who did the drifting were largely of the class I am talking about.

The bill before us would just perpetuate that condition.

I say to the house, and I think facts will bear me out, that the boys and girls who put themselves through university become in large measure the people who make good in this country. I know what I am talking about, for I have been connected with schools and universities practically all my life. The idea of taking money from the taxpayers of this country and spending it on educating unemployed people is unsound. It will result in a large body of people taking training at the public expense, and the cost will be terrific. Neither this country nor any other country can survive unless its people are taught to depend on themselves in making their way through life, and that there is no easy way of making good.

The system of paying for education as proposed by this bill will build up trouble for those directly concerned as well as for the country at large. It is an effective way of spoiling people. The University of Saskatchewan, as I have said, had 4,500 students this year, but the population of the province is going down. Boys and girls will not stay on the farm. Why should they, when they can get a free education at the expense of the dominion and the province, and then go away to Ontario, Quebec, or the United States, and obtain a good position?

Somebody may say to me: "You were brought up on a farm. Why didn't you stay there?" My answer is that I got my education by my own efforts; and I can name hundreds of men and women in this country who did the same thing. I have no objection whatever to that. What I object to is the thing that is proposed by this bill. The Right Honourable Arthur Meighen and the Honourable Angus Macdonald sounded the first warning of this challenge to our way of life.

Hon. Mr. HORNER: I think Sydney Smith, of the University of Toronto, said the same thing.

Hon. Mr. HAIG: Yes; and he is the most experienced university president in Canada. The number of students at his university is so disproportionate to the number that can possibly be employed in Ontario as to be ridiculous.

In my profession of law there are, I think, 75 young people graduating this year at Winnipeg. There is not enough business to support more than 25 new lawyers a year, so some of them will have to take business away from some other person or else do very little.

Hon. Mr. HORNER: I doubt the need of any lawyers.

Hon. Mr. HAIG: That may be. My point is that most of us who are lawyers got into the profession by our own endeavours. We were not given a government position, and we did not take our university courses at the public expense.

Hon. Mr. BURCHILL: You had better gag your friend from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. HAIG: No. I rather like the interruptions; they spur me on to new efforts.

Hon. Mr. MURDOCK: You know why so many of our people are going to the United States, do you not?

Hon. Mr. HAIG: Certainly I do.

Hon. Mr. MURDOCK: They are going to get something to spread on their bread.

Hon. Mr. HAIG: That is another subject, which under the rules I cannot debate just now.

Hon. Mr. HORNER: In this country anyone can get a cow.

Hon. Mr. HAIG: Honourable members, this bill is the thin edge of a dangerous wedge. I do not object to easing the way for returned soldiers to complete their education, but I am convinced that the principle underlying this measure is all wrong.

Hon. Mr. CRERAR: May I ask if my honourable friend is opposed to the principle of vocational training?

Hon. Mr. HAIG: No. To make myself clear, let me illustrate what I mean. In the city of Winnipeg—and that is "some" city—we have two kinds of high schools. First, we have schools that train young men and young women for entrance to the university, where they will receive further training to fit them for careers as doctors, lawyers, ministers, teachers, engineers and so on. And secondly, we have, or we are building now, a vocational school, the cost of which is being shared by the federal, provincial and municipal governments, in the proportions, I think, of 25, 25 and 50 per cent, respectively. In other words, the school is being paid for principally by the people who live out there. I am entirely in favour of a vocational school.

If this bill were passed I should fear that as soon as we ran into any unemployment our vocational schools and universities would be swamped by young men and women seeking a free education. Many of them would be induced to leave the farms. I know that is what I would do if I were on a farm and conditions got tough: if wheat dropped to 50 cents a bushel, eggs to 20 cents a dozen—

Hon. Mr. HORNER: And butter to 15 cents a pound.

Hon. Mr. HAIG: Yes. I would go to a school or college and be taken care of during the period of unemployment, because for the time being I would be better off at school than in any job I could get. But what job would I be able to obtain after I left school? I would have to take work away from some other fellow or go to the United States.

Too many people have got the idea that if a young person goes through university and gets a certificate he or she is assured of a nice lifetime job, with a good income and not much work to do. The people of this country have to get that idea out of their minds.

We spoke about one of our pioneers this afternoon. It must be remembered that this is a pioneer country, and we must make our living by the sweat of our brow. Some people may say to me, "Oh well, you are a senator; you can talk that way." I challenge anybody to walk the road that I have walked, and do it alone. Except for my father, mother, brothers and sisters, I got no help from anyone. I find now that that experience was mighty good for me. I think it is good for anybody. I could point to boys and girls of my time whose parents were wealthy, and who during their university training could go to a show or a play every night. I went once during the term. It is not a question of doing as I say, but of doing as we ought to do to make a strong country. Our young men who went overseas in both world wars were outstanding because of their individuality and personality. Those are the qualities that win out in the world. This namby-pamby business of bonusing people will only lead to disaster. I am opposed to this kind of legislation.

Hon. Mr. MURDOCK: Would you pardon me if I say I think you are entirely right?

Right Hon. Mr. MACKENZIE: Many of us can say that.

Hon. T. A. CRERAR: Honourable senators, if we consider the amendment before us this afternoon simply as an amendment, it is comparatively simple. Evidently provision is made in the Vocational Training Co-Ordination Act for the vocational training of a limited number of unemployed, namely, those who apply for unemployment insurance benefits. It is now proposed to remove the limitation and to make provision for the training for gainful employment of any unemployed person. That is to say, the limitation that only those who applied for unemployment insurance could come under the training provisions is now changed, and there is to be a more general application of training benefits.

Hon. Mr. ASELTINE: This amendment goes even further. One does not have to be employed to get the benefits.

Hon. Mr. CRERAR: I said "unemployed". The limitation was that that one must have applied for assistance under the Unemployment Insurance Act before he could be directed to vocational training.

Hon. Mr. ASELTINE: Yes.

Hon. Mr. CRERAR: By this amendment any unemployed person could qualify for training.

Hon. Mr. QUINN: It leaves it wide open.

Hon. Mr. CRERAR: I am in sympathy with a good deal of what has been said by the leader opposite (Hon. Mr. Haig). Let us imagine a return of the conditions of a few years ago, when 500,000 people were unemployed in Canada. Could all of those people apply for and secure benefits by reason of this amendment?

Hon. Mr. ASELTINE: Certainly.

Hon. Mr. CRERAR: I am inclined to think they could.

I am sorry that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who explained the bill, is not in the chamber at the moment. There appears to be a slight conflict between the amendment and the explanatory notes. The last paragraph of the explanatory notes reads:

> The amendment will permit training for employment to be provided to unemployed persons in suitable cases . . .

Hon. Mr. ASELTINE: Whether or not that person is insured.

Hon. Mr. CRERAR: Irrespective of whether he is an insured person or not. If out of a vast number of unemployed, only "in suitable cases" are persons to qualify for this training, who is to judge as to the suitability? These are points which I think should be cleared up. I may be mistaken, but it appears to me that the amendment as it stands opens the door very wide indeed.

The Right Hon. IAN MACKENZIE: Honourable senators, I regret that I was compelled to interrupt my good friend from Toronto-Trinity (Hon. Mr. Roebuck) during the course of his remarks. I may say that the explanation given by the honourable senator from Churchill (Hon. Mr. Crerar), as taken specifically from the explanatory notes of the bill, is absolutely correct.

I had something to do with the passing in 1942 of the Vocational Training Co-ordination Act. During the years of depression it was found that there were 30,000 untrained veterans out of work. As to the policy adopted in 1942, I would say that there is no specific and accurate result obtainable. Checks which have been made indicate that the vast majority of those who took the training have been employed, and that 98 per cent are employed in the field for which they were trained, or in some allied occupation.

Practically speaking, honourable senators, there are no vocationally-trained unemployed in Canada today. The success of the scheme passed in 1942 justifies the slight broadening of the terms of the act as proposed by this bill. The honourable leader opposite (Hon. Mr. Haig) dealt with the question of university training. Along with my 1942 cabinet colleagues I must accept—and I do so with alacrity—a large share of responsibility for the general rehabilitation policy of the Dominion of Canada. But may I say that this scheme was not initiated by the cabinet or by a committee of the cabinet. The specific recommendation was first considered for a period of eighteen months by a committee of practical educationalists from all over Canada before it was presented to the government. It was then endorsed unanimously by the committee on rehabilitation of the administration, and by the cabinet, and became the policy of the Dominion of Canada.

I have every sympathy with the remarks of the leader opposite about the essential value of a university training and of the difficulties attendant upon obtaining it. I know it as well as any other honourable senator in this chamber, because since I was twelve years of age I have never received a red cent from any person to help me through a very arduous and strenuous educational training. Frankly, I thought we were a little too generous even to the men who deserved the best that Canada could give. But this year we are being more generous still, in improving and increasing the allowances. I am not objecting to that; I am in complete accord with it. I do believe, however, that the real value of education derives from the difficulties of obtaining it. In our younger days we learned the value of the experience acquired in overcoming difficulties. It has benefited us in the various fields of science and literature and in every avenue of learning. I know it was of value to you, Mr. Speaker, in your distinguished career in medicine in the far-away northwest, in the old pioneer days. This is what made education worth while. If education is made too easy for anyone it becomes less valuable to him. In all walks of life, public and private, the harder you have to work to achieve great purposes, the more you appreciate the results you secure through your own character, your sense of values, your integrity and your assiduity.

I am glad to be able to tell my honourable friend that the total number of primary awards granted under this university training scheme—for which, though only as a member of the national committee, I am to a certain extent responsible—is 52,731; and the number of veterans attending our universities on February 29, 1948, was 32,634. I state with pride that the standard displayed by those who, after serving overseas for three or four years, took these courses, excels that of any other students in the percentage of passes obtained from the universities of Canada. Seventy-seven per cent passed with no conditions whatever, 10 per cent passed with one condition, and only 13 per cent failed.

The ideas of my honourable friend as to the essential value of the struggle for success, which is the basis of the progress of nations, and especially small and young nations, are fundamentally sound; but it is none the less certain that the investment which Canada has made under the university training act, as well as under the vocational and co-ordination act, is one of the finest ever made by this country. The dividends are assured. Some of us may not see them, but this nation will see them and be enriched by them. The finest asset of a state is its young citizenry, men and women skilled in the arts and sciences, in law and in medicine, in structural engineering and other aptitudes so useful in a growing country. These young people, who through the operation of this scheme are the students of today, will be the leaders of Canada when we—I trust after many years—are called hence.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Immigration and Labour.

The motion was agreed to.

The Senate adjourned until Monday, May 3, at 8 p.m.

THE SENATE

Monday, May 3, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANSPORT AND COMMUNICATIONS COMMITTEE

ADDITION TO PERSONNEL

Hon. WISHART McL. ROBERTSON: Honourable senators, with leave of the Senate I would move that the name of the honourable Senator Campbell be added to the list of senators serving on the Standing Committee on Transport and Communications.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill O-8, an Act for the relief of Mathilda Walter Jackson.

Bill P-8, an Act for the relief of Joseph Thomson Mowat.

Bill Q-8, an Act for the relief of Mary Hrychuk Fleury.

Bill R-8, an Act for the relief of Anna Kathleen Burnie Beebe.

Bill S-8, an Act for the relief of Jenny Muriel Pressley Scott.

Bill T-8, an Act for the relief of Mary Pappas Gigantes, otherwise known as Maria Papadatos Gigantes.

Bill U-8, an Act for the relief of Gilbert Brinton Campbell.

Bill V-8, an Act for the relief of Helen McGregor Hanley.

Bill W-8, an Act for the relief of Yudit Mary de Bartok Richardson.

Bill X-8, an Act for the relief of Abraham Schechter.

Bill Y-8, an Act for the relief of Caroline Alice Woods Mayhew.

Bill Z-8, an Act for the relief of Giana Stephen Cantlie Lyman.

Bill A-9, an Act for the relief of James Gustov Reed.

Bill B-9, an Act for the relief of Elizabeth Ruth Maitland Harley.

Bill C-9, an Act for the relief of Daisy Elizabeth May Fishlock Wallis.

Bill D-9, an Act for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.

Bill E-9, an Act for the relief of Jeannette Ore Paige.

Bill F-9, an Act for the relief of Reva James Nathanson.

Bill G-9, an Act for the relief of Gerald Roderick Bartlett.

Bill H-9, an Act for the relief of Dorothy Jardine Palmer Petrie.

Bill I-9, an Act for the relief of Nellie Maisie Wingham Carphin.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill W-7, an Act for the relief of Hazel Violet Camp Mace.

Bill X-7, an Act for the relief of Adah Elizabeth Jeffries Heinz.

Bill Y-7, an Act for the relief of Mabel Findlay Turner Rollo.

Bill Z-7, an Act for the relief of Anna Dagmar Dahl.

Bill A-8, an Act for the relief of Florence Evelyn White Marshall.

Bill B-8, an Act for the relief of Kathryn Mae Richardson Rowe.

Bill C-8, an Act for the relief of Margaret Dawson Jamieson Turnbull McKay.

Bill D-8, an Act for the relief of Margaret Elizabeth Dunn Vezina.

Bill E-8 and Act for the relief of Elizabeth Craig Blair.

Bill F-8, an Act for the relief of Charles Henry Kennell.

Bill G-8, an Act for the relief of Muriel Frances Pratt Fiddes.

Bill H-8, an Act for the relief of Leah Zeiger Rudenko.

Bill I-8, an Act for the relief of Ruth Harris.

Bill J-8, an Act for the relief of Eva Booth Morrison McCormick.

Bill K-8, an Act for the relief of Naomi Evelyn Masterangelo Rosenstein.

Bill L-8, an Act for the relief of Jean Lauder Rutledge.

Bill M-8, an Act for the relief of Henry George Chartier.

Bill N-8, an Act for the relief of Francis Russell Stone.

The motion was agreed to, and the bills were read the third time, and passed, on division.

UNEMPLOYMENT INSURANCE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 203, an Act to amend the Unemployment Insurance Act, 1940.

He said: Honourable senators, the purpose of this bill is to make certain changes, arising out of the experience of recent years, in the scale of benefits and contributions and in the administration of the Unemployment Insurance scheme. The act has been in operation since 1940, during which period there has been a very high level of employment and a generally rising wage level. At the present time it is estimated that there are approximately 3,000,000 persons covered by the provisions of the act, and that the total amount in the fund is about $441 million.

It is important to recall that the fund is administered on an actuarial basis. Employers and employees each contribute approximately 40 per cent to the fund, and the remaining 20 per cent is contributed by the federal government.

The fund does not cover all classes of employees. It excludes those with an annual salary of more than $2,400, and also certain occupations of an irregular nature which give rise to difficult administrative problems

As honourable senators know, the purpose of the act is to provide a cushion of benefits to tide the employee over from one job to another. The amount of these benefits is less than he would get if he were employed, and the length of time over which he may draw them is limited. The unemployed person thus has an incentive to look for work rather than to live off his benefits. The act is not designed to deal with the kind of mass unemployment we had in the thirties, but the amount in the fund would certainly be a useful cushion in case of such a development, and it may be hoped, I think, that it will operate to diminish the possibility of large-scale unemployment.

The changes contained in this bill are numerous and technical. I shall therefore mention only the more important ones, leaving the rest to be considered in committee.

During the last few years a great many employees have moved into higher wage levels. Consequently, the ceiling on salary-rated employees insurable under the act has been raised from $2,400 per year to $3,120. This conforms with the general aim of bringing under the act as large a number of employees as possible. The scale of benefits under the act has been raised so that the weekly maximum for a person with a dependent is now $18.30 as compared with the old rate of $14.40. The scale of benefits cannot of course be geared to the cost of living and still remain actuarially sound; but rising wage levels have put the employee in a higher income class for insurance purposes, thus increasing his scale of benefits.

The bill proposes some increase in the employer's scale of contribution to the fund, but the employee's contribution remains unchanged. The original act was designed so that, in the aggregate, the contributions of employers and employees would be approximately equal. In the case of lower-paid workers, however, the employer's contribution was substantially larger than the employee's, while in the case of the higher-paid worker the reverse held true. So many workers have moved into higher wage brackets in recent years that the aggregate contributions of employees now exceed those of employers. For that reason the contribution scale for employers in the various classes has been raised, and a new wage class has been added for persons earning $34 a week or more, with employer and employee each contributing 42 cents weekly.

Other important changes include provisions designed to simplify administration and speed up the payment of benefits; to release the employer from his obligation to make contributions for employees who are specifically exempted from the scheme by certificate; and to tighten up the provisions for dealing with evasions of the act.

In conclusion, I might add that benefits paid to employees since the inauguration of the fund have totalled $111 million, and that more than $34,000,000 interest has been earned on securities held by the fund.

If, after consideration, honourable senators see fit to give the bill second reading, I would suggest that it be referred to the Standing Committee on Immigration and Labour, where there would be opportunity to hear the departmental officials, examine the proposed changes and secure such additional information as may be required.

Right Hon. Mr. MACKENZIE: May I ask the honourable senator a question? Considering Canada's population and the number of years during which the Unemployment Insurance Act has been in operation, how would our reserve fund compare, on a per capita basis, with those in countries where

such schemes as this have been established for twenty-five or thirty-five years?

Hon. Mr. ROBERTSON: Honourable senators, I have no specific information on that point. Our Unemployment Insurance Act has been in existence during a period in which there has been a very high degree of employment, and I assume that the demands upon it would not have been as great proportionately as they would have been had the act been in force in the pre-war years.

Hon. Mr. CRERAR: Can my honourable friend inform the house as to the amount in the fund at the present time?

Hon. Mr. ROBERTSON: It is $441 million, and I am advised that the amount distributed by the way of benefits is $111 million.

Hon. JOHN T. HAIG: Honourable senators, I am not going to delay the house at any great length. There is much to be said for a bill of this kind, but I should like some information about a certain classification of employees and the claims they have made for unemployment insurance. When the Unemployment Insurance Act first came into this house I expressed my view on it, and it remains unchanged. I feel that what this act does is simply to tax certain people in the community who have no chance of ever getting anything out of it. For instance, law students pay a tax, and I should like to know how many of them have come under the act and have received insurance benefits. Secondly, I understand that about 70,000 clerks in the chartered banks of Canada pay a tax under this law. No bank clerk is ever discharged, I am told—except for dishonesty or something of that nature—and none of them receive benefits under this act; yet they pay a tax. This is true also, though not quite to the same extent, of stenographers and certain other office employees. They pay a very large tax, but there is little unemployment among them. During the war there were many married women who worked and thereby came under the act; but as soon as the war was over and their husbands returned, these women did not want to work any longer, and in certain instances they received unemployment insurance up to the limit.

I am persuaded that the act is largely, if not entirely, for the benefit of seasonal employees. There is no reason why men in the building trades, or men working in the bush or at any other seasonal occupation should not pay a tax to cover periods of unemployment; but why people who are permanently employed and never likely to be out of work—people such as bank clerks or law students—should have to do so is beyond me. Even a lawyer, if he works for a firm in which he is not a partner and does not receive more than $3,120 a year, the new ceiling under the bill, will have to contribute to the fund. Yet, if he loses his job there is no other place where he can get similar employment. The contribution is a tax on these people, and that is the spirit of the act.

The second thing to be noted about this act is that the public look on it as providing unemployment insurance to protect people who are out of employment during a period of depression. My honourable friend the leader of the government was very careful tonight to make clear that the act does not do that. The people in Great Britain made a similar mistake about their first unemployment insurance scheme, and when the world crisis struck that country the scheme went absolutely broke.

Right Hon. Mr. MACKENZIE: May I be permitted to interrupt? The British scheme did not go broke; the original unemployment insurance scheme as introduced in July 1912 was supplemented by a new national fund.

Hon. Mr. HAIG: I admit that; but so far as the original act was concerned the scheme went broke. True, they passed amending legislation and voted large sums of money to carry on, but the original scheme went broke. I am using business language, not technical legal terms. The public have an idea that our unemployment insurance fund will keep people insured during such a period of unemployment as we had from 1930 until it ended in 1937 or 1938—it really did not end until 1939, when the war came on.

Because of these things I think the act is unfair. It results in some great benefits, I admit. For instance, I believe that the employment agencies established throughout Canada are very good things, and I must admit that in my city the officials are trying desperately to make the agency a success. A number of people go out seeking positions for competent workers, such as first-class stenographers with really good ability, who are vital to an organization. But by and large I object to the act. My first and original objection is that the scheme requires contributions from a considerable number of people who cannot possibly get any benefit out of it, but who nevertheless are being taxed. My second objection is that the fund provides only limited insurance.

I should like to have placed on record, through the committee, certain definite infor-

mation, including: the basis of insurance; the number of contributors who are in permanently employed categories—such as bank clerks and law students—and how much they have taken of the $111 million; what proportion the people in those categories have got out of what they have paid in. I should also like to have similar statistics for classes of people in seasonal employment, such as carpenters, bricklayers, stonemasons and cement workers. I am glad the leader intends to have the bill sent to a committee, and I hope that the officials who appear there will be able to give us that information. We are entitled to it. And I think it should be made very clear in the Senate that the scheme under this act provides unemployment insurance for only a limited space of time between one period of employment and another, and that it is not protection against a depression such as we had in the thirties.

Hon. A. K. HUGESSEN: Honourable senators, having taken a keen interest in the first unemployment insurance bill that was introduced here, that of 1940, and in the amendments to the act that have been adopted from time to time, perhaps I may be allowed to say a few words with regard to the measure now before us. My honourable friend the leader on the other side (Hon. Mr. Haig) has repeated this evening the complaint he made last year, to the effect that the incidence of this tax, as he calls it, falls heavily and unfairly on people who are permanently employed in work of such a nature that they are not likely to suffer from unemployment or to get any benefits from the insurance provided by the act. The complaint is of course justified, if you look upon the working community of this country as being made up of separate sections, and feel that the members of the permanently employed section have no responsibility for their brothers in seasonal employment. But, honourable senators, from the point of view of this measure I do not look upon the community in that way; and, to be frank with my honourable friend the leader opposite, I do not think it is looked upon in that way by the people who are permanently employed and who make contributions to the Unemployment Insurance Fund.

Hon. Mr. HAIG: But you do not know.

Hon. Mr. HUGESSEN: It may be very unlikely that these permanently employed people will ever get any benefit from the fund, but I think that they are perfectly willing to make their monthly contributions in the interest of the working community as a whole and of their fellow Canadians whose positions are less secure.

The suggestion that my friend makes was made to us on many occasions in 1940, when the first bill was under consideration here. We were pestered, almost, with employers who came to tell us that the occupations in their firms were so permanent that their employees did not need the protection of unemployment insurance and therefore should not be required to make contributions. That representation was made to us by the banks, by public utility companies and others. Everything they said may have been true, but if we are going to departmentalize our unemployment insurance scheme in the way they suggested, and eliminate from its provisions all the people with relatively stable employment, the contributions by employers and employees in seasonal industries will have to be made higher than they can really afford to pay.

Hon. Mr. HAIG: But those people will get their money back.

Hon. Mr. HUGESSEN: We have to remember that the cost would be too high for those less fortunate people who are in seasonal industry.

Hon. Mr. HAIG: Under this bill, any young man employed in your office who receives not more than $3,120 a year will have to pay a tax; but you, as a member of the firm, will not have to pay one. Do you not get questions from the young men about it? I do.

Hon. Mr. HUGESSEN: My honourable friend must have more discontented juniors in his firm than I have in mine.

Hon. Mr. HAIG: No, I do not.

Hon. Mr. HUGESSEN: I have never heard about it.

My honourable friend also said that the Unemployment Insurance Fund is not a remedy for a great depression such as we had in the thirties. I fully agree with him, and I think we all do. It is not a complete remedy for a man who is going to be out of employment for four or five years, but it is a partial remedy. A man who has been employed steadily for five years and making regular contributions under the act will, if thrown out of work, be entitled to unemployment insurance benefits for a period of one year. That would be a substantial cushion. With nearly $450 million collected in the fund and about three million people entitled to its benefits, the answer to the question of the right honourable gentleman from Vancouver (Right Hon. Mr. Mackenzie) is that the average amount for every contributor now under the fund is about $150.

I welcome this measure, honourable senators. I think it is a step in the right direction. First

of all, it extends the classes of income covered by the act from $2,400 to $3,120 per year. When the scheme was introduced in 1940 wages were at a certain level. Since that time they have advanced considerably. I read in this evening's paper that since 1939, a year before this scheme was introduced, the wage level in this country has increased by 79 or 89 per cent—I have just forgotten which is the correct figure.

Hon. Mr. HOWARD: Seventy-nine per cent.

Hon. Mr. HORNER: And as wages have gone up, performance and production have correspondingly gone down.

Hon. Mr. HUGESSEN: What my honourable friend's remark has to do with the point we are discussing I am unable to appreciate. No doubt he will enlighten me.

Hon. Mr. HORNER: I will later on.

Hon. Mr. HUGESSEN: In view of the rise in the wage level since the introduction of unemployment insurance, it is perfectly logical that the salary ceiling should be raised.

Another favourable feature of this measure is the increase in the weekly allowances which unemployed persons are allowed to draw. The benefits are graded up from the former maximum of $14.40 a week to a new maximum of $18.30. That feature of the bill is most favourable for two reasons: first, the increase in the cost of living; and secondly the assurance that the fund can stand this increase and still remain actuarially sound.

I am heartily in favour of this measure, and I shall be very glad to hear what the departmental officials have to tell us when the bill is referred to the appropriate committee.

Hon. Mr. HORNER: My honourable friend apparently did not understand the interjection I made while he was speaking. It seems to me that the reference in the act to "suitable employment" is particularly objectionable.

I believe that under the unemployment scheme we are only creating idleness in this country; men are required to contribute a certain sum of money, and when they become unemployed they refuse to take available employment because it is not "suitable". If that word could be eliminated, and a man who was willing to work could be sent to work as formerly he could, this legislation would appeal to me more strongly. Nowadays it takes two or three men to do what one man formerly did. In my opinion this whole scheme has made a bad situation still worse.

Hon. Mr. HUGESSEN: Surely, if my honourable friend has seen the latest figures on employment in this country—the highest in our history—he will appreciate that there is no justification for saying that such a scheme as this prevents men from working or encourages unemployment.

Hon. Mr. HORNER: The reason there is full employment today is that it takes two or three men to do what one man did formerly.

Right Hon. IAN MACKENZIE: Honourable senators, having been, as a very young man, in a small way responsible for the inauguration of the great Lloyd George insurance scheme enacted in the Old Country in 1912, perhaps I will be permitted to make a remark or two on this subject. It was my privilege in those days to speak throughout my old home land of Scotland and the equally great country of England upon the essential and vital principle of the national unemployment insurance scheme.

I wish to inform my honourable friend (Hon. Mr. Horner), whose sincerity I do not for a moment impugn, that if any one measure has saved Great Britain in peace and in the ugly years of war between 1912 and 1948, it has been the scheme of national unemployment insurance passed in 1912 by David Lloyd George and the Liberal administration of that day. The old age pension scheme of 1911 was followed by national health insurance and the concomitant national unemployment insurance measure of 1912.

I disagree with my honourable friend from Blaine Lake, whose ideals I so much appreciate, when he says that unemployment insurance is no cure for depression. I say that without a strong nationally-supported scheme of unemployment insurance—

Hon. Mr. HORNER: May I interrupt?

Right Hon. Mr. MACKENZIE: I had not finished my sentence. But go ahead.

Hon. Mr. HORNER: I have a question to ask the right honourable gentleman. I do not know what my friend thinks of conditions in good old Britain today, but to me they are rather disappointing. I have wondered why we have offers from some 3,000 engineers and men like my right honourable friend, who are anxious to leave England today. Why do such men want to leave that country if the schemes my friend mentions work so well?

Right Hon. Mr. MACKENZIE: My honourable friend is terribly wrong. I may say that I was never anxious to leave old Scotland, but I was most anxious to arrive in that great country—the greatest country in the world—Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HORNER: If my friend continues to propose such schemes for Canada, he will soon have to get out of this country.

Right Hon. Mr. MACKENZIE: And if my friend keeps on repeating what he says, he will have to get out of this house.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MACKENZIE: I was a member of a committee on the subject of unemployment insurance in 1940. I have just forgotten whether it was a joint committee of both houses or not.

Hon. Mr. HUGESSEN: It was a joint committee.

Right Hon. Mr. MACKENZIE: I think my honourable friend from Inkerman (Hon. Mr. Hugessen) was a member of that committee. We had something to do with the preparation and organization of this legislation, and I want to say to my honourable friend from Blaine Lake that, speaking not only of the general scheme but more particularly of its effect upon returning soldiers, who were specially provided for under the national unemployment legislation of 1940, it has been a great benefit to rehabilitation in Canada. We were obliged to make provision for those men from Canada who served in the cause of freedom and Christianity.

Let not my honourable friend from Blaine Lake think for a moment that I would dream of leaving Canada for any other country. Canada is the fairest of all nations, and next to the privilege of having been born in the grand freedom-loving country of Scotland, I can conceive of nothing more wonderful than being born somewhere within the boundaries of one of the nine provinces which make up the Canadian confederation.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MACKENZIE: A national unemployment insurance scheme is one of the finest bastions there could be for the security of the men and women who labour at honest toil. It is also a bastion for industry. This house should follow the great tradition commenced in the Old Land in 1912 and in Canada in 1940, which is recognized today by the International Labour Organization as one of the most progressive measures in the economy of the freedom-loving nations of the world.

Some Hon. SENATORS: Hear, hear.

Hon. GUSTAVE LACASSE: Honourable senators, I do not rise to speak in favour of the motion or to oppose it. I simply wish to say a few words on a subject which has been brought to my attention recently. The point could perhaps be raised in committee. I agree with my honourable friend opposite that this would be an opportune time to clarify, if possible, the status of that class of people who are working on a commission basis. At present it is far from clear. I have in mind one particular case in which contradictory rulings were made by officials of the commisison in different communities. The matter has become a bone of contention in various types of business, and particularly among real estate people. Some of them are strongly opposed to the inclusion of persons engaged in what I may describe as "spasmodic" employment, for that term seems applicable to agents working on commission. At times their business is brisk; at other times it is absolutely flat; it varies according to the whims and fancies of the community and general business conditions, comparing for the most part to the great law of supply and demand.

To sum up, I want to reiterate as clearly as I can that some effort should be made to clarify the provisions of the act in order that all may know whether people working on a commission basis are subject to it. To my personal knowledge as a newspaper publisher, soliciting agents working on commission are in some cases held to be subject to the act, while in others they do not come under it. The law in relation to this class should be made practical, clear and definite.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Immigration and Labour.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 4, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. JOHN T. HAIG, on behalf of the Chairman of the Standing Committee on Divorce, presented the following bills:

Bill J-9, an Act for the relief of Beatrice Gertrude Corbin Simand.

Bill K-9, an Act for the relief of Margaret McCallum Cameron Baird Brine.

Bill L-9, an Act for the relief of Leila May Willet Ascah.

Bill M-9, an Act for the relief of Joseph Ulric Stanislas Caron.

Bill N-9, an Act for the relief of Edith Elizabeth Walker.

Bill O-9, an Act for the relief of Yvonne Jeanne Leslie.

Bill P-9, an Act for the relief of Bertha (Brana) Hindes Ramer.

Bill Q-9, an Act for the relief of Ellen Gertrude Hinks Fairhurst.

Bill R-9, an Act for the relief of Shirley Marder Berman.

Bill S-9, an Act for the relief of Vera Maud Thayer Gunn.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: The next sitting of the house.

THIRD READINGS

Hon. Mr. HAIG moved the third reading of the following bills:

Bill O-8, an Act for the relief of Mathilda Walter Jackson.

Bill P-8, an Act for the relief of Joseph Thomson Mowat.

Bill Q-8, an Act for the relief of Mary Hrychuk Fleury.

Bill R-8, an Act for the relief of Anna Kathleen Burnie Beebe.

Bill S-8, an Act for the relief of Jenny Muriel Pressley Scott.

Bill T-8, an Act for the relief of Mary Pappas Gigantes, otherwise known as Maria Papadatos Gigantes.

Bill U-8, an Act for the relief of Gilbert Brinton Campbell.

Bill V-8, an Act for the relief of Helen McGregor Hanley.

Bill W-8, an Act for the relief of Yudit Mary de Bartok Richardson.

Bill X-8, an Act for the relief of Abraham Schechter.

Bill Y-8, an Act for the relief of Caroline Alice Woods Mayhew.

Bill Z-8, an Act for the relief of Giana Stephen Cantlie Lyman.

Bill A-9, an Act for the relief of James Gustov Reed.

Bill B-9, an Act for the relief of Elizabeth Ruth Maitland Harley.

Bill C-9, an Act for the relief of Daisy Elizabeth May Fishlock Wallis.

Bill D-9, an Act for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.

Bill E-9, an Act for the relief of Jeannette Ore Paige.

Bill F-9, an Act for the relief of Reva James Nathanson.

Bill G-9, an Act for the relief of Gerald Roderick Bartlett.

Bill H-9, an Act for the relief of Dorothy Jardine Palmer Petrie.

Bill I-9, an Act for the relief of Nellie Maisie Wingham Carphin.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DOMINION BUREAU OF STATISTICS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill T-9, an Act respecting the Dominion Bureau of Statistics.

The bill was read the first time.

DAIRY INDUSTRY BILL

SECOND READING

The Senate resumed from Thursday, April 29, the adjourned debate on the motion of Hon. Mr. Euler for the second reading of Bill B, an Act to amend The Dairy Industry Act.

Hon. SALTER A. HAYDEN: Honourable senators, a great deal has been said in this debate about the position of the farmers and of the dairy industry, and at times some thought has been given even to the position of the consumers and the underfed and undernourished children of our land, for whom at the present time butter seems to be beyond reach. There is no difficulty in knowing where I stand on this subject, because on previous

occasions when the bill was before this chamber I voted in favour of it; and in case some honourable senator may suppose that I have changed my mind, I announce at the beginning of my remarks that I propose again to vote in favour of this measure.

The other day, when temperatures ran high and the debate got particularly warm, I was a little fearful that we might have to anticipate the lifting of the ban and get some margarine into the debate, to keep things from burning up. However, we managed to survive that hazard, and we are proceeding with the discussion in the hope that very shortly we shall reach a vote.

I do not intend to speak at length, but some statements have been made which I wish to answer. First, I would point out that the issue appears to be between the dairy producers and the farmers on the one hand, and the consuming public of Canada on the other—particularly those who, either by reason of the cost of the commodity or its scarcity, are not able to get all the butter they require for their daily sustenance. In these circumstances I feel that in favouring the interests of the consumer, and taking an over-all national view of the situation in the light of the general good of the greatest number, I am in no way prejudicing the position of the dairy producers and the farmers. The type of legislation which prohibits the manufacture in Canada of an article of food that is wholesome, nutritious, and essential in the diet of the people, is something that in my opinion cannot be justified on any ground. It is intolerance and class legislation of the most extreme kind.

May I just review what has been said against this bill? We have been told that the passage of the bill would be prejudicial to the interests of the dairy producers and farmers. We have been told, secondly, that even if we passed the bill it would accomplish nothing; that because of an over-all shortage of fats and oils, no margarine could be made in Canada. Also it has been argued that it would be politically inexpedient to pass the bill. The other day our leader on this side (Hon. Mr. Robertson) urged several more reasons against the bill, one of these being that the newspapers had in some fashion misled the public on this issue by not pointing out that the discussion here was purely academic, because even if the manufacture of margarine were to become legal it would be impossible to produce any of it in this country until 1950 or 1951. The leader also stated that the passage of the bill, whether it would be injurious to the farmers or not, would throw them into a panic of fear, and that immediately human vultures would move in on them and buy their machinery, equipment and cattle for a mere fraction of the cost price.

Now let us get down to a brief analysis of those reasons. First, let us take the question of the shortage of fats and oils. The leader says that the distribution of fats and oils is regulated by the International Emergency Food Committee; that if we diverted any part of those fats and oils to the manufacture of margarine we would lessen the quantity available for other purposes, and that the manufacture of margarine could therefore only be carried on at the sacrifice of other products. Then a remarkable thing happened. He went on to picture the plight of the 3,000 bakeries across Canada, and how the use of fats and oils for margarine would reduce the quantity available for the making of pies, cakes and other confections.

Hon. Mr. HUGESSEN: Pie crust.

Hon. Mr. HAYDEN: It is a matter of public knowledge that there is a world shortage of fats and oils. We all know that the International Emergency Food Committee regulates the world's surplus. If any country produces a surplus in excess of its own requirements, that surplus is distributed to other countries in proportion to their requirements. There is nothing new in that. But the matter of domestic allocation in Canada is our own business. And who can say that our domestic allocation of fats and oils at present is perfect? Who can say that that allocation must under no circumstances be disturbed, that we must not take any part of their present allocations from other things and devote it to the manufacture of margarine in Canada? Who can say that for once we should not consult the interests of the underfed and the undernourished, and even of the healthy, normal children of this land? To suggest that it is idle for us to discuss or vote on this bill because there is a world shortage of fats and oils, is to beg the question, for it lies within our own power to make whatever allocation we wish, and to decide the use to which our fats and oils in Canada will be put.

The honourable senator from De Salaberry (Hon. Mr. Gouin) said that he had listened to the address of the honourable leader of this house, and had been convinced by what he heard. He accepted the statements that there was an over-all shortage of fats and oils and that even if we did pass this legislation we could not get oleomargarine; and he said that for those reasons, he would vote against the bill.

May I present some pertinent questions for the consideration of my honourable friend and any other honourable senators who may have been influenced by the remarks of the leader on that point? Are we in a position to say that the present domestic allocation of fats and oils is the best that can be had? Are we in a position to say that some part of our present supply of fats and oils cannot be allocated to the manufacture of margarine? Are we prepared, without further study, to say that there are not available within the domestic market at the present time edible fats and oils for the purpose of manufacturing oleomargarine? May I point out to the house that there are quantities of domestic shortening on the shelves of our stores all across Canada. To convert some part of that commodity into margarine would involve only a further refining of some of the contents of shortening and the adding of 20 per cent skim milk for flavour. That process would give us an edible, nutritious and wholesome article of food known as margarine. Now, to ask those questions is, I think, to answer the points raised by the honourable leader. The answer is that out of supplies available in Canada we have within our own power the means to manufacture oleomargarine; and the only thing that stands between us and the doing of it is the prohibition which exists at the present moment.

I say in all seriousness that it is about time we stopped weeping, as our leader did for the 3,000 bakers in Canada, and as the honourable senator from De Salaberry (Hon. Mr. Gouin) did for the people who could get neither butter nor margarine. I repeat, it is time we stopped that kind of weeping and gave to the people something tangible in the way of a suitable butter substitute, something necessary to their living and health, and which they are not able to get either because it is scarce or because the price is beyond their reach. I do not think we should mince words on that point. I am not here to appeal to emotionalism but to discuss bald facts.

The honourable leader lamented the position in which the bakers would be placed by reason of a reduced supply of fats and oils for the making of pastry.

If the problem resolves itself into a question of whether we shall have more pies and cakes or the people of Canada who need it shall have a nutritious and wholesome food, I am on the side of the people who need that nutritious food and against those who want an additional quantity of fats and oils in order to produce more pies and cakes. If someone must suffer, then it should not be the children of Canada.

We were told by the honourable senator from Grandville (Hon. Mr. Bouffard) that Canada protects the textile and automobile industries, and he asked why the farmers and the dairy industry should not enjoy the same kind of protection. First, I may say that my friend is comparing two entirely different things. So far as butter coming into Canada is concerned, the dairy industry is protected tariff-wise; but, in addition, it enjoys the benefits of an absolute prohibition against the competitive manufacture and sale of a wholesome and nutritious substitute for butter. If my friend wants to get an absolutely true comparison between the textile and automobile industries on the one hand and dairy industry on the other, I will suggest a parallel situation to him. Let us pass a law in Canada prohibiting the importation of all makes of cars, and a further law prohibiting the manufacture and sale in Canada of all cars except Cadillacs. Under those circumstances, I suggest, we would have a more comparable situation than the one he made use of in his argument.

I say that a true analysis of this matter shows that the farmers and the dairy industry will not suffer by the removal of the ban. If we take the figures of milk and butter production in Canada over a period of years we will see that less than 50 per cent of the milk production of Canada has gone into the manufacture of butter. That means that the farmers and dairy producers have deliberately been choosing a more profitable market for their milk than is offered by the manufacturers of butter. I hasten to say that I am not critical of the farmer or the dairy producer in the choice he has made. I am not critical of the price charged for butter; I do not say it is either too high or too low. My argument is that if milk producers in Canada are capable of furnishing all the butter, cheese and other milk products required, and they see fit to devote more than 50 per cent of their production to concentrated milk products, cheese, ice cream and plastics, because they provide a more profitable market than butter does, they should not expect the government and the people of Canada to tolerate the prohibition of a wholesome food in order to protect a market which at some time they might want to fall back on.

The poorer families in Canada find that the price of butter is beyond their ability to pay, and that because of the ban against oleomargarine they are unable to get a suitable, wholesome substitute.

If we balance this question we find that the situation before us is not the result of failure on the part of the farmers and dairymen to produce every ounce of milk possible to meet

the demand for butter—I emphasize that that is not the situation at all—but rather because there are a number of markets in which they can dispose of their product and they choose the one that is most advantageous to them. No person will criticize them for that. But when they have made their choice it should be open to the people of Canada to have available to them a substitute to replace the article that has become scarce by reason of that choice.

If we wish to discuss this matter sincerely and logically we must consider the underlying principle. I say the principle is bigger and broader than the question of whether butter prices are high or low or the supply of fats and oils abundant or meagre. The principle exists whether butter prices are high or low; whether fats and oils are plentiful or scarce. Is it fair, liberal and democratic to maintain a prohibition against the manufacture of a nourishing article of food in Canada, and to give an exclusive monopoly in that field to one class of people? This seems to me to be the real question, and the principle it involves has dictated my approach to the problem and influenced my decision to vote in favour of the bill.

Let me now refer to one or two other matters. A great deal was said the other day about the fats and oils situation, and we were asked to accept the bald statement that if we increase our domestic or indigenous production of fats and oils our international allocation will be correspondingly reduced. That statement does not take into account all the elements of the situation. There is no doubt that under the terms of allocation, Canada, in common with every country which is a member of the International Food Committee, is required to conform to the following procedure. Each country must estimate the amount of its requirements in fats and oils, compute the volume of its indigenous production, and file with the committee a requisition or requirement for the difference. It has to justify both the amount of the difference and the extent of its over-all requirements. When the committee meets, it finds that some countries have a surplus of fats and oils, and others have a shortage. But the total surplus is less than sufficient to take care of the accumulated shortages, so the countries whose supplies are deficient receive less than 100 per cent of their requirements.

Now, to the extent that we in Canada increase our own production of fats and oils and retain them for our own use, we lean less and are enabled to draw less upon the international pool. To the extent that we have to look to the pool for allocations to meet our requirements, we are subject to a reduction of the amount requisitioned; but there is nothing in our external relationships, nothing in the regulations governing international allocations, to prevent Canada from growing more rape seed, more sunflower seed, more soya beans, or recovering from them additional oils and applying them to whatever domestic uses we desire. The only thing that we cannot do without fighting our case further before the committee is to increase our demands upon the pool by creating new uses for our fats and oils. But there is nothing to prevent us from redistributing or reallocating to new uses our requirements, estimated upon the 1941-42 basis. I say, therefore, that it is begging the question to dismiss oleomargarine from consideration because fats and oils are not available internationally. It lies within our power to reallocate distribution within Canada, and to see that our butter deficiency is made up through a supply of oleomargarine. In this way we could meet the needs of these children of whom we have heard, and of poor families for whom butter in any appreciable quantity is not available. In anything I have said I am not taking a position against the farmer. If I believed that in the long run this bill would be harmful to the farmers' best interests, my attitude might be different: certainly I should want to give further consideration to the question. But I am firmly convinced that that is not the case.

Hon. Mr. McDONALD (King's): That is because you do not know.

Hon. Mr. HAYDEN: I thank my honourable friend for his remark. There are many ways of not knowing. We may have coloured glass in our spectacles and only see a situation through that coloured medium. I make no claim to be a farmer, although I served my period of apprenticeship on the farm, and even learned to operate a churn. So it may be that I am not unequipped to discuss practical politics in relation to farm operations.

However, I am not discussing the question from that point of view. My honourable friend from King's (Hon. Mr. McDonald) suggests that if I knew more about farming I would be opposed to this bill. I ask him, why? In 1947, according to the figures for that year, farmers produced and sold over 17 billion pounds of milk. Some 8 billion pounds of that production were used in the manufacture of butter. How, then, when the farmer and the dairy producer deliberately choose to divert or distribute their milk to more profitable channels, can it be said that you will be doing anything to hurt the industry if you make available to the people

of Canada a wholesome and nutritious substitute for butter? It is clear that butter is not being produced in proportion to the capacity of Canada's milk production.

Right Hon. Mr. MACKENZIE: Would my honourable friend mind repeating those figures?

Hon. Mr. HAYDEN: I said that milk production in Canada in 1947 was over 17 billion pounds, and that the quantity which went into butter production was a little over 8 billion pounds.

Once we permit our viewpoint to be influenced by local or by emotional considerations in the supposed interests of friends or associates engaged in agriculture, we are exposed to this type of one-sided argument. As much as my honourable friend, or any other senator, I am firmly actuated by regard for the best interests of all our people, including the farmers; but I say in all sincerity that, confronted with the facts I have presented, and giving them their due weight, I must support the bill. The price of butter is high, although I do not say it is too high. At times the supply is insufficient to satisfy the demand, and many people are unable to get this nourishing article of food. On the other hand there is a tremendous difference between the amount of milk produced and the quantity of butter production. Under these circumstances it is not unfair to any person, and specifically the dairy producer and the farmer, to remove this long-standing prohibition, this discrimination against the many in the interests of the few. It is time we got away from that sort of thing.

In this connection, several arguments were advanced by the honourable senator from De Salaberry (Hon. Mr. Gouin). One was that if this bill were passed the general market would be demoralized. Another was that there is no use passing it, because the necessary supplies of fats and oils would not be available until 1950 or 1951. In the third place, the honourable gentleman stated that he was in favour of oleomargarine, and he wept for the undernourished children of the slums; but he was opposed to the bill because its passage would not enable them to get any oleomargarine at the present time. I say, on the contrary, that we can get oleomargarine as soon as this bill is passed.

Hon. Mr. DUPUIS: When?

Hon. Mr. EULER: In three weeks, easily.

Hon. Mr. HAYDEN: I say to my friend that it is a simple matter. In the first place, the oils are available.

Hon. Mr. DUPUIS: Where?

Hon. Mr. HAYDEN: The oils are available from our domestic production. It simply would be necessary, as my honourable friend would have known if he had been following me a little earlier, to redistribute some of the present allocations in Canada. For instance, we could make less pie, pie crust and cake, and maybe a little more oleomargarine.

Hon. J. A. McDONALD: May I suggest that the children might prefer their fats in the form of cakes and pies?

Hon. Mr. HAYDEN: My honourable friend is now becoming an expert in speaking on behalf of the children of Canada. First of all it was the farmers that he was interested in. Maybe in time he will develop an interest for the people as a whole. Now we are told that the children of Canada do not need butter, that maybe they would prefer their fats in other forms.

Hon. Mr. MacLENNAN: He did not say that. You need not go that far.

Hon. Mr. HAYDEN: I am not attributing that remark to my honourable friend from Kings; I am referring to a contention that is made. If my friend does not like my statements, I presume he can ask questions.

Hon. Mr. MacLENNAN: Well, I will ask a question right now. When did those who are in favour of this bill become so interested in the widows and orphans of Canada?

Hon. Mr. HAYDEN: I may be permitted to answer my honourable friend in kind. I suppose he has developed interests and changed his opinions from time to time, and he would no doubt admit that the labourer who came to the vineyard at the eleventh hour got as much as the one who worked all day. I do not think it matters when anyone became interested in the children of Canada, or in the farmers of Canada. I am discussing this thing as a matter of principle, and I am placing certain facts before the house. It seems to me that any person who cannot add these facts together and get the results I suggest, must be looking at the matter through coloured glasses.

Hon. Mr. MacLENNAN: My opinion is that you are not so much interested in the children as you pretend to be.

Hon. Mr. HAYDEN: My honourable friend is of course violating one of the rules of the house by interrupting in this way.

Right Hon. Mr. MACKENZIE: May I ask a nice, quiet, polite question?

Hon. Mr. HAYDEN: By all means.

Right Hon. Mr. MACKENZIE: My honourable friend stated that an increase in the indigenous production in Canada would not affect the quantities allocated to us by the International Emergency Food Committee. I wonder if he would mind explaining why?

Hon. Mr. HAYDEN: First of all, I did not say that. I said exactly the opposite. I said that to the extent that we increased our indigenous production of fats and oils in Canada, our leaning on the international pool would be less. But I did point out that if we produced more in Canada we could keep it all, whereas when we draw an allocation from the international pool we get only a percentage of the requirements for which we file an application.

Right Hon. Mr. MACKENZIE: May I now ask a supplementary question? What guarantee is my honourable friend prepared to give to the house as to the practicability of increased domestic production within the next twelve months?

Hon. Mr. QUINN: The senator from Thunder Bay (Hon. Mr. Paterson) told us about that the other day.

Hon. Mr. HAYDEN: There are two answers to that question. One is that we can increase our production of edible oils from such sources as sunflower seeds and soya beans, and by refining various oil-bearing seeds that are by-products of the grain elevators and have so far been exported to the United States, where they are processed. We are told that this refining process will be carried on in Canada shortly. The second means is an immediate re-allocation of the fats and oils in Canada, by assigning some portion of them to margarine and reducing the quotas for other products.

Hon. Mr. HAIG: May I ask the honourable senator what percentage of our demands we got in the last three years?

Hon. Mr. HOWARD: Between 50 and 60 per cent.

Hon. Mr. HAYDEN: I would be making the wildest guess if I attempted to answer that.

Hon. Mr. HAIG: I thought you knew.

Hon. Mr. HAYDEN: No. I tried to get that information. I asked the Administrator of Fats and Oils for it, and even the Canadian representative on the International Emergency Food Committee, but without success. I should think it would range anywhere from 50 to 70 per cent of the requirement for which we filed application. Apparently there were too many variables for these officials to be able to give me the figure.

Hon. Mr. LAMBERT: May I interrupt? I have here the report of the International Emergency Food Committee, dated March 1948. The paragraph relating to Canada says:

> The recommended allocation provides for exports in 1948 at about pre-war tonnage level. However, the Canadian import allocation is 70,000 tons below the pre-war average of 149,000 tons.

Hon. Mr. HAIG: But how much did we apply for?

Hon. Mr. LAMBERT: It goes on to say:

> This was partly compensated for by an increase in indigenous production in 1947 to 265,000 tons, as compared with 226,000 tons in pre-war years. Livestock fat production in 1948 is expected to decline by 15,000 to 20,000 tons, as compared with last year. Linseed production, on the other hand, will probably be maintained at the 1947 level. Total visible fat consumption of 55 pounds per capita in 1947 was 80 per cent of that of pre-war.

It would appear that the import allocation of 79,000 tons is about equal to the quantity applied for.

Hon. Mr. HAIG: That is what I thought.

Hon. Mr. LAMBERT: About 80,000 tons.

Hon. Mr. HAYDEN: The allocation that we hope to get this year is between 80,000 and 85,000 tons.

Hon. Mr. HAIG: Then we got pretty nearly 100 per cent of our application last year?

Hon. Mr. HAYDEN: I cannot say.

Hon. Mr. HAIG: That is indicated by the figures.

Hon. Mr. HAYDEN: There may be within Canada the necessary edible oils to enable us to proceed—

Hon. Mr. BOUFFARD: May I ask a question?

Hon. Mr. HAYDEN: I am in the middle of a sentence. However, go ahead.

Hon. Mr. BOUFFARD: I am sorry. I just wanted to ask my honourable friend if he could suggest where the oils and fats would be taken from for the manufacture of oleomargarine.

Hon. Mr. HAYDEN: The history of the manufacture of margarine in the United States is this, that as they proceeded with that manufacture they produced less domestic

shortening, the reason being that margarine is a dual-purpose food, in that it can be used for cooking and also in substitution for butter as a spread on bread. My honourable friend wants to know from where we would take the fats and oils for the manufacture of margarine. What can I do better than to suggest to him what was suggested the other day by our leader (Hon. Mr. Robertson), when he pictured 3,000 bakers across Canada weeping because, if the manufacture of margarine were legalized, they would have less edible oils and fats for making pies, cakes and other confections. There are many places and many products in Canada from which we could take fats at present, in order to get started on the manufacture of margarine. And we could increase our indigenous production of edible fats and oils. The combination of the two methods would make an excellent program under which we could embark on the production of oleomargarine. But first of all, there has to be a change in the law in order that the production may be legalized.

Right Hon. Mr. MACKENZIE: Would my honourable friend permit me to quote a statement from the British government?

Hon. Mr. HAYDEN: No. My right honourable friend can make a speech.

Right Hon. Mr. MACKENZIE: And probably will.

Hon. Mr. HAYDEN: There is no use having speeches within speeches.

Right Hon. Mr. MACKENZIE: It is a complete contradiction of what you have been saying.

Hon. Mr. HAYDEN: That is a matter of opinion.

There is only one other question I wish to discuss, namely, the constitutionality of the ban on margarine. Perhaps that does not matter a great deal to the Senate, although it is supposed to be the body chiefly concerned in seeing to it that we do not have unconstitutional laws or on our statute books. The law providing for this prohibition, as originally enacted, was based upon a consideration of health, and the preamble to the act so recited. At the present time the proof that margarine is a wholesome and nutritious article of food is strong enough to meet any case which one might attempt to make on the ground that its use would be injurious to the national health of Canada. There is no other basis upon which the federal authorities can control the manufacture of oleomargarine. The question today falls, therefore, under the heading of property and civil rights within the provinces. For what it is worth, I say—and honourable senators can pay attention to my opinion or disregard it—that if this statute is ever questioned on the ground of being *ultra vires,* I am firmly convinced that it will be so held.

Before closing, may I refer to the action recently taken in the United States as to taxes and imposts piled upon those who dared to operate in the field of the manufacture and sale of oleomargarine? In that country there have been taxes on manufacturers, wholesalers and retailers. By a recent act of Congress—and it is expected that the Senate will concur—the taxes have been removed. I wish to read from an article dated Washington, April 29, which in part is as follows:

> The federal taxes which the bill passed yesterday would repeal are: 10 cents a pound on coloured oleo; ¼ cent a pound on uncoloured; $600 a year tax on manufacturers; $480 on wholesalers of coloured oleo; $200 on wholesalers of the uncoloured products; $48 on retailers of coloured oleo; $6 on retailers of uncoloured.

The dairy industry, naturally, has put up quite a fight over this question, but the reports have it that the contest is not nearly as bitter or strenuous as it was in earlier years.

It has been proven that the farmer is a resourceful person. The problem of securing edible oils for the manufacture of oleomargarine is one of growing suitable products. The farmers, therefore, have turned more and more to the production of cottonseed, cornflower seed and the soy bean. As these crops have increased the farmers' incomes have swelled. In the United States the farmer has been sufficiently resourceful to adapt himself to the new situation by producing his share of the products which go into the manufacture of a substitute being sold in competition with butter. It must be remembered, too, that oleomargarine contains 20 per cent skim milk.

On the question of resourcefulness of farmers I would refer honourable senators to the *Canada Year Book,* 1947, at page 356. The information I shall give shows that the farmer is not frozen in the matter of having to produce milk. In the year 1945 production of various dairy products reached its peak; in 1946 it was lower by about 800 million pounds, and in 1947 it was about 500 million pounds less. To show the resourceful and ingenious nature of the farmer in relation to dairying I shall read the following extract from the *Canada Year Book:*

> During the six-year period, 1939 to 1945, milk production increased approximately 1,800,000,000 pounds, and the industry as a whole made an immense contribution to the food supplies of both Canada and the United Kingdom. After the collapse of Germany in May, 1945, production suffered from a reactionary development which became more pronounced after the final

cessation of hostilities in August. The retreat from dairying in the Prairie Provinces following the bountiful harvest of 1944 with higher prices paid for grain and live stock, and the cumulative effects of the labour shortage, all played a part in halting the upward swing in dairying production in the western domain.

I am not critical of the farmer; I only cite that extract to show his ability to shift and turn to meet the demand. If that is the situation, it can be no hardship on the farmer to permit the manufacture of oleomargarine in Canada, particularly when he has chosen to direct less than 50 per cent of his milk products to the manufacture of butter.

I know that more than ever before the people of Canada are in favour of the manufacture and sale of oleomargarine. I would point to the city of Toronto, with its large manufacturing interests and well-known conservative views—more conservative than one of my persuasion likes to see. We find the council of that city adopting and supporting a resolution passed by the city council of Brantford, asking that the ban on the sale of oleomargarine be removed. Surely that indicates a broadening in the thinking of the people of Canada.

One has only to look at the figures to realize that there is nothing in this bill which threatens agriculture generally in Canada. The argument of my honourable friend from Grandville (Hon. Mr. Bouffard) that there is a scarcity of fats and oils does not constitute an argument based on principle. If there is a shortage of these commodities at the present time, why is there any fear of the removal of the ban? My friends, who are so solicitous, say that because we cannot be supplied with the product immediately the prohibition should not be removed. I find it difficult to follow that kind of reasoning. I prefer to look at all the facts and determine the underlying principle. I am opposed to any discrimination against the manufacture of a wholesome food in order to protect a producer who does not choose to produce to the full extent of his capacity to meet the public demand.

For these reasons I am supporting the bill.

Hon. S. S. McKEEN: Honourable senators, I do not think that the speakers for and against this bill are the only ones who have the welfare of our children at heart. This is not a question of the dairy farmer versus the consumer as much as it is one of the dairy farmer against the potential producer of margarine. I think the last speaker emphasized that point when he referred to the discrimination against the margarine producer.

It seems to me that our concern is that our children have a properly balanced diet. It must be remembered that butter is only one part of their diet which comes from the dairy industry. The most important product which comes from this source is fluid milk, and if we are to have sufficient fluid milk the year around there is bound to be a surplus in the summertime, and that is when the butter is made. My information is that production is as follows: Butter, about 73 per cent in summer, and 27 per cent in winter; cheese, about 85 per cent in summer, and 15 per cent in winter; ice cream, about 70 per cent in summer and 30 per cent in winter.

True, the farmer is a resourceful man. He builds up what I call his by-products in the season when there is a surplus. In order to supply sufficient fluid milk in the winter, the cows have to be fed. They cannot go out to graze, as they can in New Zealand. Therefore there must be a large surplus in the summertime if the fluid milk market is to be supplied in the winter.

As far as the dairy producer is concerned, he has done a fairly good job for this country. I have not heard any figures from promoters of this measure to show that our children have not had sufficient butter. Examining the figures for the United States, where margarine is sold, I find that—whether or not because of the introduction of margarine—the per capita consumption of butter is only eleven pounds as against twenty-eight pounds in Canada; and the consumption of margarine in the United States is only 4·2 pounds per head. So the per capita consumption in that country of butter and margarine combined is just about half the per capita consumption of butter in Canada. It would appear that those who have shed all these tears because Canadians have insufficient butter to spread on their bread have not proved their case. As regards taking oils and fats from shortening and other items of consumption, this would not increase in the least the country's supply of oils and fats. The youngsters are getting them in their food now.

Those who support this measure base their arguments on providing a spread for bread. The way to encourage a high production of fluid milk and a larger production of butter is to ensure the producer a fair price for his product. The month of lowest production as far as butter is concerned is April; peak production returns in May. I believe the shortage for this year is over. Yesterday I made inquiries and found that I could get butter in every store I went to.

Hon. Mr. LACASSE: But not in Windsor.

Hon. Mr. McKEEN: Maybe not. But I went to several stores in Ottawa.

Hon. Mr. DUPUIS: Was the honourable senator from Essex (Hon. Mr. Lacasse) trying to buy butter on Sunday?

Hon. Mr. McKEEN: It seems to me that the main object of the bill, although it is commended to us as being for the good of our children, is to establish in this country a new industry, one which may disrupt an existing industry to the prejudice of some 400,000 of our farmers. There are probably not more than five or six potential producers of margarine. The interests of the consumers in this country are being fairly well looked after as far as the production of butter is concerned, because only one country in the world—New Zealand, which consumes 30 pounds per capita —has a larger consumption than ours.

If the case for margarine rests on a supposedly inadequate supply of butter, I think Canadians are well taken care of. If the question is one of price, it would seem logical that those who are assumed to be making a case for the consumer would object to the cost of butter. They suggest that margarine could be sold here at 40 cents a pound, and that a plentiful supply could be had. Butter can be bought and landed in this country at 38 cents a pound; but supporters of the bill do not lay stress on obtaining it cheaply, so their primary concern does not seem to be to increase the consumption of butter.

Hon. Mr. EULER: Where can butter be bought at 38 cents a pound? From what country?

Hon. Mr. McKEEN: Last year we bought butter from New Zealand and landed it at 38 cents a pound.

Hon. Mr. EULER: That was last year. You cannot buy it from New Zealand at that price this year.

Hon. Mr. McKEEN: This year butter was bought at 33 cents a pound.

Hon. Mr. EULER: By whom?

Hon. Mr. McKEEN: By England.

Hon. Mr. EULER: By England, yes; but England is not Canada.

Hon. Mr. McKEEN: If you had put in an order for it you could have got it.

Hon. Mr. EULER: You cannot get it at any stores here.

Hon. Mr. LAMBERT: Is my honourable friend aware that butter from New Zealand was diverted, by request, from England? It was not the result of a direct order.

Hon. Mr. McKEEN: That is right. But what I am trying to point out is that if what my friends are concerned about is the problem of getting supplies to the consumer, the best answer would be to obtain butter at a lower price, not to encourage the manufacture of margarine, because if butter and margarine were the same price the majority would prefer butter. In the United States, where both can be had, butter is generally chosen.

I believe that the passage of this bill would do a great deal of harm and very little good. I do not think the real question at issue is whether we should or should not manufacture margarine. The underlying principle is the greatest good for the greatest number, and upon that basis there is a sound case for the dairy industry.

Hon. Mr. CAMPBELL: May I ask my honourable friend why he foresees that the elimination of the prohibition would do so much harm to the dairy industry in Canada, if he cannot point to any harm which the production of margarine has done to dairying in other countries.

Hon. Mr. McKEEN: I am not trying to protect the dairy industry. I want to protect the people of Canada, the consumers. It is my contention that, if margarine were permitted and the price of butter were reduced, the price of fluid milk would be increased. By analogy, the situation is the same as one we have in British Columbia. A log costs, maybe, $30 per thousand. It does not matter what price the mills get for two-by-fours and shiplap; what does matter is the price for the whole log. If we have to sell one part of the log for $15 or $20 per thousand, naturally the price of the other products of the lumber goes up. If you cut the price of butter you will raise the price of fluid milk, and I think that the milk is more important for the welfare of our children than is the butter itself.

Hon. NORMAN P. LAMBERT: Honourable senators, in view of the fact that I also have had the privilege in the past two years of supporting a measure similar to this one, my remarks today must necessarily be in the form of summarizing some of the main points that have arisen during the debate and which appeal to me as having a logical and direct bearing upon the issue.

I base my support of this bill on three main considerations.

In the first place, I think that it is economically sound and in the best interests of the country as a whole. In saying that it is economically sound I have, I believe, a full appreciation of its effect upon the dairy industry as well as upon all other industrial

and business activities in this country. Contrary to representations which have been made by members of the organized dairy industry, and by others in parliament, regarding the evil effects of lifting the ban on oleo, it is my opinion that the removal of the ban would not injure this industry in any degree, but, on the contrary, would help it, and would help it largely as the result of many indirect advantages which would come to the community as a whole.

Last year I placed upon *Hansard* the figures of production of the dairy industry over a period of twenty-five years, and showed definitely that production of basic whole milk had greatly increased. That is the index, and the only sound index, of the status of the dairy industry. The figures also showed an increase in the production of a wide variety of by-products, including butter, which flow from the activities of the dairy farms and creameries of Canada; and if they showed one thing more than another, it was that the dairy cow does not live by butter alone.

Judging from statements that have been made here, one would think that all the milk produced by every cow went into the making of butter. Oleomargarine is a substitute for butter alone. It is not a substitute for cheese, cream, ice cream, evaporated milk, condensed milk or casein. As everyone knows, an increasing quantity of casein is being appropriated in these modern days to the manufacture of plastics. So I contend that from the economic point of view the dairy industry and other branches of agriculture in Canada have nothing to fear from the passage of this bill.

My second reason for supporting the bill, and the main one, is that the measure offers a positive and constructive rather than a negative and restrictive means of dealing with the important problems of trade which face this country today, and indeed not only this country but the whole world. Last fall we all listened with a good deal of interest to the presentation over the radio of the so-called Geneva treaties, and most of us will remember with pleasure the great zest and enthusiasm with which the Prime Minister referred to the treaties and the work that had been done in bringing them about. Those treaties suggest a broadening of the basis of world trade, upon which there may be some hope of a post-war recovery for all countries—those which were affected most drastically by the war as well as those, like Canada and the United States, which gave of their economic and financial strength in the struggle.

In the working out of those treaties at Geneva, oleomargarine was a real factor. The official representatives from Canada were confronted with the problem of conceding the removal of the ban on oleomargarine if they were to achieve the general pattern of freer trade that was finally embraced in the treaties. My attitude today towards this bill is precisely the same as our representatives at Geneva took towards the desired treaties. I think that a vote against this bill is a vote against the Geneva treaties and all that they stand for in the way of wider trade for all countries. I do not think anyone who analyses the question can come to any other conclusion than that the lifting of the ban on oleomargarine was one of the prices that this country paid for the greater benefits to be obtained from the multilateral treaties framed at Geneva.

Hon. Mr. FARRIS: Is that not a matter of government policy?

Hon. Mr. LAMBERT: I would say to my honourable friend that I cannot possibly conceive of our very capable representatives at Geneva having done what they did without the approval of the government.

Hon. Mr. FARRIS: If that is so, should we not wait until those responsible for the policy report to parliament?

Hon. Mr. LAMBERT: The Geneva treaties have already been submitted to parliament. We have already had some debate on the resolution of approval.

Hon. Mr. FARRIS: That is not an answer to the question.

Hon. Mr. LAMBERT: When the debate is continued my honourable friend may realize that the leader on the other side (Hon. Mr. Haig) has something to say about the very point that I am making; and it may be made clear that oleomargarine was a real factor in the negotiation of the treaties. At any rate, I wish to take that position very strongly. I am dealing with this question now not so much from the point of view of the supply of fats and oils, or of the pros and cons of the relative food value of oleomargarine and butter. My point is that the bill offers a positive means, so badly needed in the world today, of relaxing trade, bringing about an increase in the production of goods and raising the levels of consumption in every country. To me the lifting of the ban on oleomargarine is a symbol of all that is involved in the freeing of trade as between all countries, especially between Canada and the United States.

A good deal has been said about the supply of fats and oils and their distribution under the guidance and control of the Inter-

national Emergency Food Committee and its subcommittee on fats and oils. I have nothing but the greatest of praise for those who have been concerned with the international rationalization of those commodities during the war and the years immediately following. The F.A.O. like the I.T.O., is an emanation from the United Nations charter, and its specialized agencies were set up for the purpose of trying to rationalize a disrupted and very difficult international situation. The International Trade Organization has sought to find a solution to these problems through its work at Geneva and Havana, and the F.A.O. has sought to make foods available to the countries of Europe in order to save them from complete starvation and degradation.

The distribution of fats and oils is just one feature of the work undertaken by the Emergency Food Organization, but it is entirely wrong to conclude from its existence and administration that something rigid, restrictive and negative comes from it. The fact is, and the figures show, that the supplies of edible fats and oils—which are in the general category of fats and oils apart from butter—have increased during the last two or three years. To my way of thinking these increases have been remarkable in view of the dislocation that occurred during the war in the great areas that formerly supplied the world with most of its edible oils. In this connection one has only to mention that in pre-war days Manchuria and India and Ceylon alone supplied the world with over half of its suppy of edible oils. The shifting sources of supply following the war should be very definitely borne in mind when discussing the application of available supplies in relation to the problem we have in Canada. Whereas Manchuria and India and Ceylon supplied most of the oils before the war, increases are now taking place in the Philippines—which are associated with the United States in a compaign—and also in South America and Africa. The British are making large capital investments in British East Africa and West Africa, and are being assisted by the experts of that great private corporation, Lever Brothers, who are associated with the fats and oils organization.

Supplies are becoming more available, and the figures in this report show that Great Britain today, except for butter, has even more fats and oils than she had before the war. In European countries where the consumption of fats and oils and nourishment of that nature was low before the war, the available supply today is practically equal to that of pre-war days. I think that brings us to the definite conclusion that any measure which will enable a country like Canada to increase its supply of the edible oils needed for the manufacture of oleomargarine, will be of benefit not only to Canadians who cannot afford butter, but to the world in general. I am convinced from reading this report that in a very short time, perhaps in another year, the total production of fats and oils required for distribution where it is most needed will not be far behind that of the pre-war year of 1939. Let me emphasize that by removing the ban on the manufacture and importation of oleomargarine, we are really stimulating production and taking a step towards increasing of trade not only between this country and the United States, but between this country and the other countries of the world. In contrast with the negative character of much of our legislation since the war ended, this is a positive step forward. I do not know of any other country in the world that requires more positive trade and financial policies than we do if we are to carry on, develop and grow, and bear the burdens of taxation that we incurred during the last war.

Third, and lastly, I support this bill because it is based upon the common interests of all the people of this country and not upon those of any single class or group. Therefore it is consistent with the purpose of a representative parliament functioning in a representative and democratic state, which should be based upon the interests of the greatest number of its people. I may say, in passing, that I am strongly opposed to the increasing tendency that we have seen in the last two years to favourably regard legislation coming into this parliament because it has been asked for and pressed for by some organized body such as the wheat pool, the Federation of Agriculture, the organized dairy industry, the Canadian Manufacturers Association or organized labour. There is a limit to the strength of our constitutional machinery, and its very framework is based upon the ability of people, regardless of class, to approach the state. If we load this machinery with too great a demand from this group or that, I do not think our system of government can withstand the pressure any more than did those of Europe.

I do not expect those gentlemen who are opposing this legislation to take any advice or suggestion from me when I refer to political expediency or party consideration, although there was a time when some of them, I think, were quite willing to listen to me. But that time has long since passed. Parties and

politics are really only a means to an end. That remark does not originate with me. I heard a very eminent cabinet minister make that very statement over the radio within the last two months—and I agreed with him. If we are going to deal with our problems on any basis of narrow political expediency, we will defeat the very purpose for which we are here. Party policy, in the long run, should be based upon the best interests of the people, regardless of class, creed or religion. Only in that way can the liberty and freedom associated with our system of government be preserved in this or in any other country.

Hon. FELIX P. QUINN: Honourable senators, I promise I will not detain you very long. As it was not my intention to speak, I have no notes or prepared text.

I was very much impressed by the speech of the honourable gentleman from Toronto (Hon. Mr. Hayden), and I must congratulate him upon it. I thought he answered the critics of the bill very well, especially those who stated that even if we removed the ban on the manufacture, import and sale of oleomargarine, we could not secure the fats and oils necessary to produce that commodity.

While the honourable gentleman was speaking questions were directed to him from two or three sections of the chamber as to where Canada would secure the necessary ingredients if the ban were lifted. I submit that quite a number of members could not have listened carefully to the speech made recently by the honourable gentleman from Thunder Bay (Hon. Mr. Paterson), for he made that point quite clear in these words:

> In cleaning wheat at the head of the lakes we take out weed seeds, many of them oil-bearing. There are over 400 varieties of wild mustard. The ball mustard is full of oil, and for years we have been selling our seeds as screenings to the United States, where they separate the various seeds.
>
> Lately we have done some of the selecting by new, improved machinery, and have shipped thousands of tons of ball mustard to Duluth and Minneapolis, where it is crushed and processed into olive oil and other edible oils. One hundred thousand tons equals 200 million pounds; and if half of that is oil, we have 100 million pounds. In about a month a plant will start running at Fort William to make the oil there.

Since that speech was made I have learned on good authority that cargoes of edible oils have been shipped through the port of Halifax to another country for use in the manufacture of margarine. I think that is sufficient answer to the argument that we cannot get the necessary ingredients.

Hon. Mr. FARRIS: Were those oils manufactured or produced in Canada?

Hon. Mr. QUINN: They were produced in Canada.

Hon. Mr. HUGESSEN: In Toronto.

Hon. Mr. QUINN: There were cargoes of them.

Hon. Mr. EULER: No doubt about that.

Hon. Mr. QUINN: My information came from a most reliable newspaper, dated May 1.

Hon. Mr. EULER: There is no doubt that it is correct.

Hon. Mr. QUINN: That can be proved by the men who worked at the waterfront and handled the cargoes.

Hon. Mr. ASELTINE: The stevedores.

Hon. Mr. FARRIS: Was that oil shipped to Newfoundland?

Hon. Mr. QUINN: I cannot say whether it was shipped to Newfoundland or not, but it went to some country which used it for the manufacture of oleomargarine.

Hon. Mr. EULER: It is going to other countries as well as Newfoundland.

Hon. Mr. QUINN: There is no doubt about that.

Hon. Mr. FARRIS: Does my honourable friend know that from our import quota we have to take care of Newfoundland?

Hon. Mr. QUINN: That may be true.

Hon. Mr. EULER: Does my honourable friend know also that we ship to the United States?

Hon. Mr. QUINN: That also may be true.

Hon. Mr. LACASSE: Amen!

Hon. Mr. EULER: It is true.

Hon. Mr. QUINN: I am a friend of the farmer, and I would not do anything that would hurt either him or the dairyman; but in the past two years they have proved their inability to supply butter to meet the demand in this country. My own province of Nova Scotia produced only approximately 7,000,000 pounds—my honourable friend from King's (Hon. Mr. McDonald) will correct me if I am wrong—and a great deal of that was made from cream that came from New Brunswick. I am told that consumption in Nova Scotia was approximately 17,000,000 pounds, leaving a deficit of some 10,000,000 pounds. If, because the dairyman fails to meet the demand, the supply is supplemented by the manufacture of oleomargarine, how can he possibly say that his industry is going to suffer? If he does, he is on unsound ground in his contention.

I have heard a good deal today about the children, but very little about the women of this country. I do not know of one women's organization across Canada which has not passed a resolution asking for the lifting of the ban on margarine.

Hon. Mr. LEGER: They are all from the cities.

Hon. Mr. QUINN: But we should listen to the voices of women. Personally, I am going to stay with them, and support what they are demanding.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. QUINN: I am going to vote for this bill.

While the senator from Toronto (Hon. Mr. Hayden) was speaking this afternoon, my honourable friend from King's (Hon. Mr. McDonald) made a remark which rather surprised me. He suggested that perhaps the children would prefer pies to butter. I remember that a very famous queen some years ago said something along that line, and it has often been quoted since. I should very much dislike having that remark of my very close friend appear on *Hansard*. I hope it will be eliminated.

Hon. Mr. LEGER: The people you refer to were asking for bread.

Hon. Mr. QUINN: Now we are asking for butter. The two commodities are closely related.

Hon. Mr. ASELTINE: Where are the undernourished children that the member from Inkerman (Hon. Mr. Hugessen) told us about?

Hon. Mr. QUINN: The honourable gentleman from Vancouver (Hon. Mr. McKeen) said that he knew of no place where butter could not be purchased. I could not buy a pound of butter in my city, and I left home only two weeks ago.

Hon. Mr. McKEEN: My statement was that I could buy it here. I am not familiar with the situation elsewhere.

Hon. Mr. QUINN: There has been difficulty in securing butter in Halifax all winter. One shipment came to Nova Scotia which the Attorney General of that province said was unfit for human consumption. I am told that it came from Saskatchewan and that it was flavoured with garlic.

Some Hon. SENATORS: Oh, oh!

Hon. Mr. QUINN: I understand that a good deal of our butter comes from that province. As I say, in Nova Scotia we do not produce sufficient to meet our demands. Until the dairymen of this country show me that they can produce sufficient butter to meet the demands of the people, I am in favour of this bill.

On motion of Hon. Mr. Howard the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 5, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LIBRARY OF PARLIAMENT

CIVIL SERVICE COMMISSION REPORT—REFERRED TO COMMITTEE

The Hon. the SPEAKER: Honourable senators, I have the honour to present the report of the Civil Service Commission respecting the revision of classification of members of the staff of the Library of Parliament, for the consideration and approval of the Senate and the House of Commons.

Hon. Mrs. WILSON: I move that this report be referred to the Joint Committee on the Library.

The motion was agreed to.

VOCATIONAL TRAINING CO-ORDINATION BILL

REPORT OF COMMITTEE

Hon. CAIRINE R. WILSON presented the report of the Standing Committee on Immigration and Labour on Bill 202, an Act to amend the Vocational Training Co-ordination Act, 1942.

She said: Honourable senators, the committee have, in obedience to the order of reference of April 29, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA EVIDENCE BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill U-9, an Act to amend the Canada Evidence Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: On Monday next.

DAIRY INDUSTRY BILL

SECOND READING—MOTION NEGATIVED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler for the seconding reading of Bill B, an Act to amend the Dairy Industry Act.

Hon. CAIRINE R. WILSON: Honourable senators, unfortunately I have not heard all of the many speeches which have been delivered on this question, but there is one point to which I should like to draw your attention, and to which I do not believe any previous speaker has referred. The honourable leader on this side (Hon. Mr. Robertson) dwelt upon the short supply of fats and oils available for consumption in the world, but I do not think he discussed the great effort which is being made by the British government to increase this supply, and the gigantic plans for the growing of peanuts in Africa. It is my understanding that prior to 1939 we did not manufacture one ounce of refined cod liver oil in Canada, but were entirely dependent upon Britain and Norway for our supplies, some of which came to us via the United States. Following that time we produced in Canada only 25 per cent of the cod liver oil required for other than edible purposes, but now Canada is able to meet all its own needs in this direction, and I believe our product is of a superior quality.

Today we read of discoveries by which a much larger quantity of insulin may be developed from abattoir by-products which are now thrown aside because of lack of refrigerating facilities, and according to the honourable senator from Thunder Bay (Hon. Mr. Paterson) we can develop oil from weed seeds and other seeds which are now thrown away. Should we not make every effort in Canada to increase the supply of oils and fats rather than to curtail it?

Hon. W. D. EULER: Honourable senators,—

The Hon. the SPEAKER: Honourable senators, I wish to remind the house that if the honourable gentleman from Waterloo (Hon. Mr. Euler) speaks now he will close the debate.

Right Hon. IAN A. MACKENZIE: Honourable senators, I will not for long deprive my esteemed friend from Waterloo of the opportunity to conclude the debate which he began so brilliantly. In fairness to him and to myself I must state that I was greatly impressed by his address. I indicated to him at the time that I had not reached a firm conviction as to margarine and likely would be in favour of his measure.

As a newcomer here I regret exceedingly the sharp cleavage of opinion in this assembly upon this important public issue, and I am sincerely sorry that my honourable friend did not ask this house to do what it has done so ably with other public issues, namely, inquire into the whole situation. I say that especially because my honourable friend was with me a member of the House of Commons when, in March 1934, Bill No. 38, an Act to amend the Dairy Industry Act, was introduced in that chamber by Mr. Weir, the then Minister of Agriculture in the government of the Right Honourable R. B. Bennett. First reading was given to the bill without opposition. And later when it came up for second reading—the honourable gentleman from Churchill (Hon. Mr. Crerar) was also there then—no opposition was expressed to the principle of the bill. I find that on April 17, 1934, Mr. Weir said that the object of the bill was:

—simply to prevent the substitution of mineral oil in products that would come into competition with butter.

And again on that day, as reported at page 2223 of *Hansard*:

It is intended also to prevent the manufacture of or the entry into this country of products which will be in competition with those of dairy producers.

In all kindness to my honourable friend from Waterloo, for whom I have the greatest admiration, I must say that I have no recollection of his having raised his voice during the years 1930 to 1935 in support of this margarine issue, which is now deemed so important by him and by the honourable senator from Toronto (Hon. Mr. Hayden), who spoke here yesterday.

I have browsed back through the musty records, and I find that in 1940 an order in council was passed by the Liberal government of that day—of which I was a humble member—dealing with the basic features contained in the report of the I.E.F.C., which has been discussed in this house. The presiding officer who signed that order in council was the present Prime Minister of Canada.

Hon. Mr. EULER: What was the date of it?

Right Hon. Mr. MACKENZIE: I have not the exact date before me, but I shall see that my friend gets it before he speaks.

In 1941 another order in council dealing with that subject was passed by the same Liberal administration. The senior member of the cabinet present at that meeeting was the honourable gentleman from Churchill (Hon. Mr. Crerar), and he signed and recommended to His Excellency the Governor General an order in council having to do with the world supply of fats and oils, which is the basis of the world agreement upon which we on this side of the house support our argument against the bill.

Hon. Mr. CRERAR: That has nothing to do with the present bill.

Right Hon. Mr. MACKENZIE: My honourable friend has a peculiar capacity for placing his own interpretation on matters. There is on that order in council the firm signature of one "T. A. Crerar", then Minister of Mines and Resources for the Dominion of Canada.

There we have an account of the action taken in 1934, 1940 and 1941. Why, all of a sudden, should there develop this remarkable interest—which seems peculiar to the city of Toronto—in the consumers and poor people? I do not wish to be personal, but the grandfather of the present Prime Minister said:

In my youth were poverty and adversity my constant companions.

I take second place to no man or woman in this house with respect to what I regard as the best interests of the consumers of Canada. I ask my honourable friend even now that this unfortunate, bitter controversy, this non-political group issue, be turned in such direction that the combined talents of every party represented here can be devoted to the solution of this important question which now disturbs the public mind of Canada.

I have given some time to the study of the comprehensive reports of the I.E.F.C., and have made a digest of them. I wish to take this opportunity of extending my personal congratulations and felicitations to the honourable leader in this house (Hon. Mr. Robertson) for his comprehensive and painstaking review of the entire fats and oils situation. He was the only one in this house, with the exception of my honourable friend from Ottawa (Hon. Mr. Lambert), who gave a comprehensive survey of the I.E.F.C. report. Statements made the other day by the honourable member from Thunder Bay (Hon. Mr. Paterson), when unfortunately I was absent, cannot be sustained by the facts. I make that assertion after having discussed them in an entirely non-partisan way with competent authorities. Of the speakers who have supported the drastic action involved in the second reading of this bill—a "yes-or-no, take-it-or-leave-it" attitude—not one has been able to produce proof that sufficient oleomargarine for our requirements could be made available in 1948, or even in 1950. If you read the last paragraph of the I.E.F.C. report of September, 1947, you will find that there is no way of guaranteeing an early supply.

What we are asked to do in the motion before the house is to support categorically the principle of this bill. Yet there are two or three alternatives. I might point to the action taken in the other house in 1934 and three times in 1946. I have the text of the resolutions here, in case any honourable senator would be interested in seeing them. On the occasions I have mentioned, and not with the unanimous consent of the house—their practice is slightly different from ours—the subject-matter of the resolution was referred to committee, with instructions to investigate and report. I understand that here unanimous consent is necessary for the establishment of committees other than those appointed in accordance with established usage.

I have before me a brief digest of the essential features of this important international report on fats and oils. I cannot understand, perhaps because of my inadequate experience, how it is that those who claim to be pleading the cause of elements in our community who are floundering in a social or industrial morass, want to extend special consideration also to people in the fairly comfortable classes, and are ready to do so at the expense of non-compliance with an international agreement which is intended to vindicate Canadian idealism. I would remind my fellow-Liberals who are going to vote for this bill, as well as my friends opposite who are like-minded, that part of the idealism of Liberalism in the post-war years was that we should embark upon great international schemes. It may be that we have gone too far; but after all, comparatively speaking, Canada is a young and wealthy country. In any event, in pursuance of an expressed purpose a world basis of fats and oils was constructed by the I.E.F.C., which began its operations supported by the prayers of the whole world. A part of its findings, or subfindings, are contained in the report.

The action we are asked to take is not by way of investigation. I do not object to investigation; I desire it; I would welcome it; I think it is the only logical way to proceed. As the government leader, I believe, suggested, a committee of inquiry would be in a position to give the real facts to the Canadian people. I do not want them to be misguided or misled by a dramatic gesture or a categorical request such as would be implied in the second reading of this bill. On the issue itself, I do not believe that my honourable friend from Waterloo and myself are far apart. Where we differ is that I refuse to accept this measure without adequate information, which at this time is possessed neither by me, nor, I believe, by anybody else.

Hon. Mr. EULER: I do not want to interrupt my friend, but does he not know that what he proposes can be effected in an easy and regular way through our procedure? Upon second reading, the bill can be referred to a standing committee, to be discussed and fully investigated.

Right Hon. Mr. MACKENZIE: That fact is well within my knowledge; but the procedure suggested, namely, reference to committee after second reading, amounts to an assertion and admission of the directing will of my honourable friend and colleague. The question could go before a committee, in the two other ways which I have mentioned, without compelling this house beforehand to come to what amounts to a conclusion on the merits.

Hon. Mr. HUGESSEN: It cannot be done on first reading.

Right Hon. Mr. MACKENZIE: My honourable friend from Waterloo could withdraw his bill, and the leader of the house could move next day for a complete national investigation of the whole question. Or my honourable friend could resort to the alternative procedure I have mentioned. I would cite Beauchesne, paragraph 755, Bourinot, page 509, and May, page 357, and I present these authorities on procedure to my honourable friend for his guidance and correction. Why should not this be done? Why not go ahead with a full investigation of the whole world situation? Why not put all the facts before the people, instead of confronting them, as this bill does, with a sort of categorical imperative?

One matter which the committee might well inquire into is that of our imports of fats and oils. Yesterday I heard what seemed to me a most amazing statement—that our allocations would not be affected by our indigenous domestic production. Admittedly the statement was withdrawn afterwards; but it is not sense, it is not logical, it is not true. A second matter for inquiry by the committee should be allocations of supplies made by the Fats and Oils Committee of the International Emergency Food Committee of the F.A.O.; a third, the current production of supplies of these commodities in Canada, and a fourth, the facilities, resources and capacity of Canada to produce increasing supplies of fats and oils. We have had some little evidence on that

matter, but how meagre it is? In the whole course of the debate the protagonists of the measure named only three products which would be available in Canada for the manufacture of oleomargarine.

Hon. Mr. EULER: That is enough.

Right Hon. Mr. MACKENZIE: Finally, the committee could inquire as to what action should be taken to develop markets within and without Canada for fats and oils.

I am not going to deal with figures of international production. I think the house has been somewhat wearied with these statistics.

I am convinced that sufficient evidence has not been produced that the world supply of fats and oils will sustain or support the policy which is proposed. I am convinced that the evidence so far presented to this house does not show that Canada can manufacture oleomargarine in adequate quantities within a reasonable time.

Hon. Mr. CAMPBELL: In view of the fact that it is admitted there is a world shortage of fats and oils, and that all other countries are able to allot their fats and oils so as to enable them to manufacture oleomargarine, does the right honourable senator not admit that if the prohibition were removed it would be possible, practical and likely that Canada would be able to organize its distribution of fats and oils so as to permit of the manufacture of oleomargarine?

Right Hon. Mr. MACKENZIE: Certainly, but only in the way I suggested, and not by any dictatorial policy adopted by one nation against the terms of a general agreement. If it is done by consultation, co-operation and re-allocation, I say by all means that it would be absolutely feasible. But it cannot be done if one country after another asks for its quota, its pound of flesh or pound of fat, and withdraws from this organization which my friend, as one of the great protagonists of Liberal ideals in the province of Ontario, should be first to support. I am sure he would not go back on the very principles that he has supported. Of course my honourable friend from Waterloo (Hon. Mr. Euler) never did support them.

Some hon. SENATORS: Hear, hear.

Right Hon. Mr. MACKENZIE: Three times in 1934 my honourable friend from Waterloo conspired with my honourable friend from Churchill (Hon. Mr. Crerar) and myself—I indict myself along with my two friends—

Hon. Mr. EULER: I refuse to be a co-conspirator with you, sir.

Right Hon. Mr. MACKENZIE: Honourable senators, I have had many compliments paid me during my public life, but never one so emphatically appreciated as that.

Hon. Mr. EULER: You are welcome to it.

Right Hon. Mr. MACKENZIE: My honourable friend must exhibit a fine spirit of tolerance, because I know he is sincere in his attitude to this bill. But he will never succeed in having the ban removed by proceeding in the way that he is. If he wishes to speak aloud, he can do so; but I do not think mutterings or stumblings are fair. He and I have been in debates before, and I hope we shall be again; but if he is sincere and wants results, let him ask this house to recommend a national investigation into this whole question. I think the house would unanimously agree to such a proposal tomorrow.

Honourable senators, the oleomargarine question is not a new one. Its history dates back to about 1867, when the original formula for its manufacture was worked out by a French chemist. In 1886 the United States approved an act making oleomargarine and other dairy-product substitutes subject to the laws of any state or territory or the District of Columbia. In the same year the revised statutes of Canada contained an Act to Prohibit the Manufacture and Sale of Certain Substitutes for Butter. Subsequently, the prohibition of the manufacture of oleomargarine in Canada was incorporated in the Butter Act, 1903, chapter 6, section 5, which reads as follows:

> No person shall manufacture, import into Canada, or offer, sell or have in his possession for sale, any oleomargarine, butterine, or other substitute for butter, manufactured wholly or in part from any fat other than milk or cream.

In 1906 the Inspection and Sales Act, chapter 85 of the revised statutes, section 298, contained section 5 of the Butter Act, 1903, with respect to oleomargarine. In 1914, part 8 of the Inspection and Sales Act was repealed, and section 5 of that act was re-enacted in the Dairy Industry Act, 1914, chapter 7. This act appears in the revised statutes of 1927 as chapter 45, section 5A of which relates to the prohibition, manufacture, importation and sale of oleomargarine in Canada. Then during the first Great War and for a few years afterwards—people are inclined to forget some of these things—owing to the abnormal demand for butter and the prevailing high prices resulting from war conditions, the manufacture, importation

and sale of oleomargarine became legal in Canada on December 1, 1917. The manufacture and importation was prohibited after August 31, 1923, and the sale was prohibited after February 29, 1924.

Let us look at the figures. The quantities of oleomargarine manufactured in and imported into Canada during the period when the product was legalized, were as follows:

	Manufactured lbs.	Imported lbs.	Total lbs.
Dec. 1, 1917 to Mar. 31, 1919	10,483,179	6,480,430	16,963,609
Year ended Mar. 31, 1920	6,450,902	6,497,031	14,947,933
" " " " 1921	6,224,422	4,630,747	10,855,169
" " " " 1922	1,902,629	1,339,748	3,242,377
6 months ended Sept., 1923	1,880,678	745,015	2,625,693
	31,063,839	20,858,411	51,922,250

These are figures of our past experience. There are two essential and vital features of this debate. First, not one protagonist of this measure has produced evidence that Canada can make good in the domestic production of margarine within the next two years; in fact, the last paragraph of the I.E.F.C. report is directly to the contrary. Secondly, there has not been sufficient proof adduced before this house by the protagonists of this measure that Canada, through domestic production, can alleviate the situation.

My honourable friend from Vancouver (Hon. Mr. McKeen) without my knowing it, brought in two packages. If you were to remove the wrapper from one and put colour into its contents, you would get oleomargarine. Next to it is a fine example of real Canadian butter. As for this concoction here, I know nothing about it; for all I know, it might be industrialized grease. I do know something about pure cows' milk, though, and I am aware that the finest nations in the world were brought up on that food.

I was brought up in a humble way on a small farm in another country, and I think my honourable friend from Churchill (Hon. Mr. Crerar) will agree with me when I say that there is nothing more pleasant than to be aroused at four or five in the morning, to take the cows to pasture and watch them eat the lush green grass on the edge of the corn fields, and later to take them back to the byre with their udders heavy and ready to be milked. In the days when we only had an old-fashioned churn—not one with a machine attached to it—and it took an hour and a half to make butter, the reward for the toil of the day was a cupful of oatmeal and cream. An honourable senator near me made some reference yesterday to the importance of good milk for the children of this dominion. That is a point which I fear was largely forgotten in the course of the debate.

May I say just one word more? Is it not possible even now for the Senate to agree upon some method for consideration of this margarine question? Would it not be unfortunate to divide our ranks in what could only be a very close vote, and thereby defer the successful solution of this important national issue for years to come? I humbly suggest that the Senate has done itself great justice in this debate—and that applies to both sides of the argument. Anyone who reads the press, especially of the United States, will discover that this assembly achieved new kudos, a new status and a new recognition in lands outside our borders because of the knowledge and research, and the fine spirit of tolerance brought to the consideration of this issue. May I, as a newcomer, congratulate all senators who spoke in the debate? Their contributions were really splendid.

I say, honourable senators, that the lines of division here are very close, that the issues are closely defined and intertwined, and I do think that the forcing of a vote on the question at this time would do great harm, not only to the house itself but to those whom we are here endeavouring to represent.

My wish is that whatever we decide in our wisdom and our sincerity will be for the good of the generation that is growing up in Canada today.

Hon. W. D. EULER: Honourable senators, I feel sure that you will understand my embarrassment when I say to you at once that I am entirely unable to compete with my friend who has just spoken, either in vigour of delivery or logic of argument. I have not been able to follow his argument at all. He has virtually asked me, in so many words, to withdraw this bill in order that the question may be referred to some committee, a procedure which in fact is not ordinarily permitted by the rules of this house. I may say that the pendulum of my convictions does not swing quite so readily as

does that of my friend, who so very recently changed his mind with regard to the bill.

Hon. A. L. BEAUBIEN: New light may cause a man to change his mind.

Hon. Mr. EULER: I have no objection to a man's changing his mind. My right honourable friend being a reasonable man and, as I know, absolutely in favour of the principle underlying this bill, I had some small hope that if he listened carefully to what I said he would, instead of asking me to withdraw the bill, come over to my side and vote for the second reading. To be frank, I hoped that the motion for second reading would carry, so that, in accordance with the usual practice here, the bill could be referred to a committee. I would not insist upon reference to a committee, but I am in favour of it. Let the bill go to a committee in the regular way, and let there be examination of, and testimony by, all the experts we care to produce; then, if the bill receives third reading, let us send it to the House of Commons, so that the members of that house may assume the responsibility which ought to be theirs, and from the exercise of which we have no right to excuse them.

I would point out—I had not intended to say this, but it has just come to my mind—that if the bill is given second reading and referred to a committee, any member who voted for the second reading but later changed his views because of discussion or evidence at the committee, would be perfectly within his rights in voting against the motion for third reading.

These are by way of preliminary remarks called forth by the speech of my right honourable friend and former colleague in another place (Right Hon. Mr. Mackenzie). But it seems to me that his speech, like some others in this debate, departed almost entirely from a consideration of the principle underlying the bill.

Hon. Mr. QUINN: Hear, hear.

Hon. Mr. EULER: I do not wish to become tedious in reiterating this, but it should be repeated that, after all, the one principle that lies at the root of this bill is one that ought to be recognized by every democratic person in this assembly, namely, the principle of free choice, of free enterprise and of free competition within our own country. Can anyone combat that? Among the senators opposed to the second reading of this bill, is there one who is not in favour of the principle which I have enunciated? Certainly that principle has not been denied by anyone who has spoken against the bill itself.

I said there had been a departure from a discussion of the principle of the bill. The chief contributor to that departure, I regret to say, was the government leader in the Senate (Hon. Mr. Robertson), whose speech almost entirely dealt with the scarcity of fats and oils. Strangely enough, what he said seems to have influenced some senators who I believe are entirely in favour of the principle of the bill and intended to vote for second reading. Since the leader raised the question of oils and fats, I am quite prepared to meet him on his own ground as well as on mine. I am glad he did say that he was not announcing a government policy—although a good many members and former members of the government have been supporting his opposition to the bill—for I should not like to believe that a government which fought the great war, and a government of which several of my colleagues and I were for a time members, would give way to such a feeling of defeatism and disappointment as ran through the whole of the leader's long speech.

The leader asked three questions, which I quote from *Hansard*, as follows:

> My first question is: Should the Senate pass this bill, will the consumers of Canada then be able to get margarine in addition to the butter, shortening and other foods containing fats and oils which they are getting now? My second question is: Why not pass this bill, even if we cannot get margarine for the next three years or more? Could it do any harm? My third question is: How can the controversy over margarine be settled in a reasonable and constructive way, acceptable to both the dairy farmers and the consuming public?

The leader answered those questions apparently to his own satisfaction. I propose also as I go along to answer them, but I fear our respective answers will be quite different.

Practically the whole of the speech of my friend dealt with the scarcity of oils and fats in the world, and the fact that there is a national pool or organization which distributes or allocates the various oils and fats to the different member countries. Finally, he stated that should this bill for the legalizing of margarine be passed, we could not possibly have that commodity in Canada for at least three years. With that statement I wish to take direct and uncompromising issue. I say without any reasonable fear of contradiction that with the repeal of this prohibitory law and the co-operation of the government, we can have margarine in Canada not in three years but in three weeks.

Hon. A. L. BEAUBIEN: Imported margarine?

Hon. Mr. EULER: No, not imported. In three or four weeks we could have a moderate supply of margarine by taking the ingredients for its manufacture from the quota of fats and oils now allotted to us by the international organization; and within a period of some months, certainly less than a year, we could make it in any quantity desired, from Canadian-grown products. As far as the first method is concerned, the oils and fats that would be required, regardless of where they come from, are absolutely at the disposal of the government of Canada to do with exactly as it pleases. Nobody else can prevent the allocation of a certain portion of our quota of oils and fats to the manufacture of margarine, and the allotment of a small quantity for that purpose would be greatly appreciated by the people of Canada.

I will not deal at length with importation, because, as honourable members know from my previous remarks, I am not particularly concerned about that question. I would much prefer that our margarine be made in Canada from Canadian fats and oils. Furthermore, I predict, and I base my prediction on reliable information, that before the end of this year the control of oils and fats will have entirely disappeared.

Hon. Mr. HOWARD: I hope so.

Hon. Mr. EULER: My friend from Wellington says that he hopes so; but I am a little afraid that, even though we acquire all the fats and oils we need to make margarine, my friend will still be found on the side of those who say we shall not have it.

The question of the quota has been discussed at some length. I say that we can make margarine out of a certain portion of our quota. Why should we not do so?

Hon. Mr. HOWARD: Who would you take it from?

Hon. Mr. EULER: I suppose we would have to take it from the poor 3,000 bakers that the leader referred to.

Hon. Mr. ROBERTSON: I make no apology for them.

Hon. Mr. EULER: My friend from Toronto (Hon. Mr. Hayden) said that it was better to supply the millions of consumers with a butter substitute than to permit the 3,000 bakers to make as many pies as they wished.

Hon. Mr. ROBERTSON: May I ask my friend who buys the products of the 3,000 bakers?

Hon. Mr. EULER: Certainly not all of the 10,000,000 or more people in this country. That question does not require an answer. But since my friend has asked me a question, I should like to ask him one: If all the other countries in the world which are now under the quota system find it possible to make margarine, why cannot Canada do likewise?

Hon. Mr. QUINN: I can answer that one.

Hon. Mr. EULER: Some of those countries make margarine not only for their own consumption but for export. I have before me an unsolicited telegram from a commission merchant in Toronto stating that he had received offers from two United States concerns to send him 30,000 pounds of margarine daily at 34 cents a pound, and that it could be sold in Canada at 40 cents, provided the government did not put a tax of 10 cents on it.

Hon. Mr. QUINN: Ten cents or more.

Hon. Mr. EULER: I ask again why, if the other countries of the world can produce margarine out of their quotas of fats and oils, Canada cannot do so?

Hon. Mr. FARRIS: Is it not true that the per capita consumption of butter in Canada is greater than the per capita consumption in any other country of butter and margarine combined?

Hon. Mr. EULER: That is not the case. I have heard a great deal said about the consumption of butter in Canada, which is about twenty-eight pounds per capita. Just prior to the war—I think in 1939—that great butter-producing country, Denmark, produced as much as sixty pounds of margarine and butter per capita.

Hon. Mr. FARRIS: I am asking about the consumption per capita, not the production.

Hon. Mr. EULER: I must make an apology here, honourable senators. I had a letter from the Danish minister in Ottawa, which gave me all those figures. Believe it or not, that letter has mysteriously disappeared. But these are the facts as I remember them. Even though Denmark was practically unable to make margarine during the war—she could not get the materials from which she formerly made it —she is now producing and consuming butter and margarine to an amount greater than Canada's butter consumption.

But supposing we do consume twenty-eight pounds per capita, or more than any other nation, is that any reason why we should not have margarine if we want it? Reference has been made to the United States. It is true that their consumption of butter and margarine is not as great as the Canadian consumption of

butter per head of the population. Americans do not need as much. Any honourable gentleman who has visited the southern areas of the United States, where the climate is warm, and where a large percentage of the population is not in a position to buy butter, or perhaps even margarine, well knows why the consumption in that country is smaller than in ours. But what is happening in Britain, where, as in so many other countries, the production of oils and fats is proportionately no greater than ours? The British government has entered into arrangements with the colony and protectorate of Kenya, East Africa, for the large-scale production of ground-nuts, which we call peanuts; and this is done, I am informed, solely for the purpose of making margarine. The question occurs to me, if we are so tied down to this quota system, how can Britain be at liberty to import large supplies of peanut oil for the manufacture of margarine? Undoubtedly she is restricted by quota. But today Britain is actually exporting margarine to Newfoundland, as I believe the government leader himself has stated.

Hon. Mr. ROBERTSON: No. I merely said that Newfoundland's oils would now be allocated through Britain.

Hon. Mr. EULER: I accept the correction. But I repeat, if this course is open to Britain, why is it not open to Canada? If Canada should derive a larger quantity of oils and fats from her own farms, and other countries follow suit, and if the total world supply of oils and fats is increased through the action of all countries subject to the quota, no one can convince me that our quota cannot be correspondingly increased, instead of being subject to reduction, as was intimated during this debate. Is there any logical reason why, looking to the day when more oils and fats will be available and controls are lifted, even though it takes a little longer than some of us expect, we should not remove at once this obstacle to supply of margarine? What harm can result?

The government leader said the other day that he did not foresee any harm—apparently because margarine would not be obtainable within three years anyhow—so why should the producer of butter worry about it? But he gave a reason for not repealing the present law which, because of his ability and good judgment, very much surprised me. He said that in his own province of Nova Scotia—I apologize to the leader of the opposition (Hon. Mr. Haig) for using that word "own" perhaps a little too freely—some thousands of farmers, a large number of whom are returned men who are operating marginal farms, are barely able to get along, and that if the ban on margarine were repealed they would go into an agony of fear which would lead them to sell their farms at any price at all and get out. That assumption is far from complimentary to the courage of soldiers living in Nova Scotia, or indeed, to soldiers in any part of Canada. If a reply is necessary, my answer would be, though probably it is not a complete reply, that I have every sympathy with the few thousand of our boys in Nova Scotia who may be apprehensive of repeal, but that in towns and cities throughout the length and breadth of this land there are anywhere from 200,000 to half a million returned men who today cannot get butter and who, if they could, cannot afford to buy it. I am willing to balance one consideration against the other.

When I moved the second reading of the bill I said I thought it was of great importance to make margarine in Canada from the products of Canadian farms, without importing an ounce of material from any other country. I am still of that opinion. I had a conversation in Ottawa with a man whom I regard as one of our leading scientific authorities, as eminent as any in the country. I made a memorandum of that conversation, and with the permission of honourable members I will read it, because it presents the facts more concisely, perhaps, than I could do off-hand.

From 1941 through the war years it is estimated that more than 95 per cent of the German edible fat requirements were met by margarine and shortenings made from rapeseed oil. In fact the whole German fats and oils economy was based on rapeseed oil.

If the making of margarine is to depend largely on vegetable oil, the operation for margarine and shortening is almost the same. For shortening, the oil requires refining, bleaching, hydrogenation and deodorization. To make margarine, a further simple treatment is required. The material would have to be mixed with milk, or water, or milk solids and other minor components, which add only slightly to the content. The costs of this extra operation would largely be met by the saving resulting from the use of milk, or milk solids and water. It is therefore reasonable to conclude that the retail price of margarine should closely approximate that of shortening.

In Ottawa in mid-January of this year shortening was selling for 30 cents a pound. So, I repeat, there is every reason to believe that margarine would sell for a price as low as the price of shortening today, namely 30 cents a pound, while butter sells for 73 cents a pound. I have always held that margarine could be sold in Canada for not more than 40 cents a pound, and it would appear that this figure could well be reduced.

The answer to the question of whether margarine could be made in this country or not is

very simple. The firms which are now producing shortening would need to add only slightly to the processes already established in their plants to fit them for the manufacture of margarine.

Discussions on the margarine question from the Canadian point of view have frequently stressed the lack of suitable Canadian fats for the purpose of manufacture. It is true that for some years Canada has not been in an independent position so far as the production of edible fats is concerned, but it must now be realized that our prairie regions and other areas are eminently suited to the production of oil seed crops such as rapeseed. In addition to the production of rapeseed oil we have a very substantial tonnage of mustard screenings, available from western grain crops.

Hon. A. L. BEAUBIEN: You will not have them very long. We are killing mustard seed now with 2, 4-D.

Hon. Mr. EULER: Both these materials are suitable for making edible oils, and should be seriously considered in assessing the whole question from a strictly Canadian point of view. As a matter of fact, during 1947 some 4,000 tons of rapeseed oil, which is quite suitable for the making of margarine, were exported from Canada. A recently built plant at Fort William is expected to be in operation in the near future. Far from having to depend on imported oils, we have rapeseed and mustard seed oils available today, and these can be used in the preparation of a satisfactory margarine. These considerations make it clear that rapeseed and mustard seed oils, now exported, can be diverted to the immediate production of margarine in Canada.

Another very important point to be remembered is that this program would also make available large amounts of high protein oil cake, which would prove most valuable in the feeding of livestock, and would provide a source of substantial additional income to the farmers of this country.

It is interesting, by the way, to see that last year in the provinces of Saskatchewan and Manitoba alone 70,000 acres of land—an area comparable to the acreage given to potatoes in the province of New Brunswick—were given to the production of rapeseed.

I have here a letter addressed to me, and which reads as follows:

In your letter of Friday last, you asked me certain questions in regard to the production of vegetable oil in Canada.

Prior to the war, there were eight oil crushing plants in Canada valued at $100,000 or over. Today, there are sixteen crushing plants in Canada, eight of which are valued at over $1,000,000 apiece. The crushing capacity in Canada today is at least three times what it was prior to the war.

The production of edible vegetable oil that could be used in the making of margarine was 8,000,000 pounds prior to the war and is now 33,500,000 pounds, all of this from Canadian-grown raw materials.

You asked from what kind of oils produced in Canada could we make margarine. The answer is corn oil, rapeseed, sunflower seed, and soy bean seed.

And of course you could use milk and a few ingredients like salt and other chemicals.

Hon. A. L. BEAUBIEN: Could you use mustard seed oil?

Hon. Mr. EULER: Yes.

That letter is signed by J. G. Ross, who is very well known to many honourable senators. He is president of Prairie Vegetable Oils Limited, Moose Jaw, Saskatchewan, and vice-president of Edible Oils Limited of Fort William, Ontario. He was formerly a capable member of the House of Commons.

There is a fourth way in which we could have margarine in Canada. I am not a constitutional lawyer; in fact, I am not a lawyer at all. I do not know whether I should congratulate myself on that fact or not.

Hon. Mr. ASELTINE: It would not do any harm.

Hon. Mr. EULER: I was not looking at my honourable friend when I made that remark. The constitutional question was efficiently dealt with yesterday by my honourable friend from Toronto (Hon. Mr. Hayden). In his opinion, and in the opinion of at least three or four eminent constitutional lawyers, the Government of Canada cannot interfere with the making of margarine, or anything else in any province from the products of that province.

Hon. A. L. BEAUBIEN: Why has it not been made then?

Hon. Mr. EULER: There is a law against it, a law which has to be tested out. I am glad to see that it now seems to be in the process of being tested. No one can go to the courts of Canada and say, for instance, that he wants an expression of opinion as to whether the law prohibiting the manufacture of margarine is good. Lawyers know this better than I do, but I have made inquiry. The courts will not give an opinion on an abstract question like that; action must be brought by an interested person.

Hon. Mr. ASELTINE: They would give that opinion to the government of the day.

Hon. Mr. EULER: Quite so. I was not going to mention it, but last fall, believing that the law was unconstitutional, I thought the best way out of the situation for everybody concerned would be for the government to make such a test. I wrote to the Minister of Justice, suggesting that he submit a stated case to the Supreme Court of Canada; and if we got a decision such as I thought we would get, the whole question would be settled and there would be no prejudice against anyone.

Hon. Mr. ASELTINE: Except by importation from some other country.

Hon. Mr. HAIG: Go on. What did he say?

Hon. Mr. EULER: He declined to accept my suggestion.

Hon. Mr. ROBERTSON: May I ask my honourable friend if he made any such application while he was Minister of Trade and Commerce or Minister of National Revenue?

Hon. Mr. EULER: I think that is just about as irrelevant a question as anybody could ask. I am quite willing to leave my record on margarine to the judgment of the people of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. A. L. BEAUBIEN: If it is claimed by the legal minds of this Senate that the law is *ultra vires* of the Dominion of Canada—and I think my honourable friend from Waterloo agrees that it is—

Hon. Mr. EULER: Yes.

Hon. A. L. BEAUBIEN:—why did the people behind this proposition not make some margarine, be prosecuted for it, and thus have the law tested in court?

Hon. Mr. EULER: That is a very fair question. I think in all probability that will be done.

Some Hon. SENATORS: Hear, hear.

Hon. A. L. BEAUBIEN: That is the best way to do it.

Hon. Mr. FARRIS: Is a court not the only body to settle a constitutional question? It is not for the Senate to settle it.

Hon. Mr. EULER: The Senate is the body to take the initiative, if it likes, in repealing any law which is against the democratic principles of this country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. FARRIS: My honourable friend has not answered my question.

Hon. Mr. EULER: It is just about as irrelevant as the previous one.

Hon. A. L. BEAUBIEN: The honourable senator does not mean my question, I hope.

Hon. Mr. EULER: No. I would not give my good friend from Provencher (Hon. A. L. Beaubien) that kind of an answer.

I should again like to refer to the constitutional question. As honourable senators know, in this chamber not long ago we passed, on division, a bill placing barley and oats, or coarse grains, as they are called, under the wheat board. That bill provided that the growers of those grains must deliver their barley and oats to the wheat board.

Some Hon. SENATORS: It was passed on division.

Hon. Mr. EULER: I said "on division." It does not matter anyway. It became law, and as a result of it a holder of, I think, 40,000 bushels of barley in western Canada was asked to deliver his wheat to the wheat board.

Hon. Mr. HAIG: It was barley.

Some Hon. SENATORS: Oats.

Hon. Mr. EULER: Perhaps it was a mixture. It does not make any difference. At all events, this holder refused to deliver, and he was brought to court.

Hon. A. L. BEAUBIEN: That was done by order in council.

Hon. Mr. EULER: An order in council usually has the force of law.

He was brought to court, and I understand the court's judgment was that since the matter did not have to do with an emergency, as of course it did not, the Dominion of Canada had no authority to enforce the law within that province.

Hon. Mr. HAIG: Will the honourable gentleman permit me?

Hon. Mr. EULER: I am afraid I have got into a legal tangle.

Hon. Mr. HAIG: That was not the judgment. The government passed an order in council under the Emergency Powers Act, but the Manitoba judge held that there was no emergency, and that therefore the order in council was invalid.

Hon. Mr. EULER: I think that is what I said. He held that there was no emergency, and therefore dismissed the case.

Hon. Mr. ROBERTSON: It was not the bill we passed.

Hon. Mr. EULER: Well, it was the bill or an order in council. The principle is exactly the same.

Hon. Mr. HAIG: No, the principle is not exactly the same.

Hon. Mr. DUFF: Let the senator from Waterloo go on with his speech.

Hon. Mr. HAIG: I do not want the judgment to be inaccurately stated on the record.

Hon. Mr. EULER: I suppose that, not being a lawyer, I made a mistake in venturing into a legal field. However, I have also found lawyers to be wrong, many a time.

Hon. Mr. HAIG: Do not look at the senator from Rosetown (Hon. Mr. Aseltine) when you are saying that, or you will lose a vote.

Hon. Mr. EULER: I should have said "some lawyers".

The inference I draw from that judgment is that if it is beyond the powers of the federal government to interfere in matters of property and civil rights within a province, then it cannot prevent the making of margarine or anything else—furniture, boots and shoes—

An Hon. SENATOR: Whisky.

Hon. Mr. EULER: Or whisky, if you like; and that also has been decided in the courts. I am told that the government is going to appeal the Manitoba judgment. I hope it does; for if we get the constitutional question settled we may not need to bring in this bill again next year.

Hon. A. L. BEAUBIEN: That is a defeatist attitude.

Hon. Mr. EULER: I do not object to questions and interruptions, but they rather impede the progress I should like to make.

Hon. Mr. QUINN: It is not fair that the honourable gentleman should be subjected to so many interruptions.

Hon. A. L. BEAUBIEN: It is pleasant to hear him. I mean that.

Hon. Mr. EULER: Many questions have been asked of me, and now I should like to ask one, although I hope honourable members will not answer it in unison. Why have we this desperate opposition to the bill? If it would be impossible to produce margarine in Canada for three years, how could buttermakers or anyone else be hurt by passage of the bill?

I have already referred to the argument made by the leader of the opposition, and I will not deal with it again.

Hon. Mr. HAIG: I rise on a point of order. I did not make a speech.

Hon. Mr. EULER: I apologize; I meant the leader of the government (Hon. Mr. Robertson). The leader of the opposition (Hon. Mr. Haig) has been very quiet during this debate. He did not say a word on the subject of margarine this year or last year, and I have been wondering why, because he speaks on every other question. I might say to the leader of the government that if he cared to look about he would probably find margarine in his own native province today. I think it can also be found in the province of Quebec.

But why is there this opposition all along the line? Why the attempt at Geneva to avoid the honest obligation undertaken by our negotiators there? And here in Ottawa, when it was feared that the agreement made in good faith by us with other countries would require a repeal of the ban on the importation of margarine, why were the law officers of the Crown asked whether that was a legal obligation on the government? All along the line there has been shown an antagonism to margarine under any and all circumstances. One of the responsible ministers of the Crown intimated that if it did become necessary to remove the ban on the importation of margarine, we would impose such a high tariff that none of the commodity would come into the country in any event.

Hon. A. L. BEAUBIEN: You ought to be in favour of a high tariff.

Hon. Mr. EULER: I never in my life was for a high tariff.

I fear that this talk about the scarcity of fats and oils will mislead some of my good friends into voting against the bill, although I know they are in favour of its principle. I would like to tell them a little story. A man went to one of his neighbours to borrow a rope, but the neighbour said, "I cannot lend you that rope because I need it for tying up some sand." The would-be borrower remarked that you cannot tie up sand with a rope. "Oh," was the reply, "you can tie up almost everything with a rope that you do not want to lend." I am convinced that whether or not we have in this country an ample supply of fats and oils is a question that has no bearing on the determination of some members of the Senate to see that the present law is not repealed. But if oils and fats are not available for the manufacture of margarine, what point is there in keeping the present law in force? It is worse than useless; it is just a nuisance. Would the logical course not be to repeal it in preparation for the day, which I am sure is not far

distant, when the claim will no longer be made that there is a scarcity of oils and fats?

In so far as this bill is concerned there are but two groups in the house. The first comprises those who, for one reason or another—a political reason, if you like, in some instances—are opposed to the introduction of margarine into Canada, whether by manufacture or importation. I would naturally expect those members to vote against second reading. But the other group believes conscientiously in the principle that is at the root of this bill—the principle of freedom of choice, free competition and free enterprise. To those members I say: I cannot for the life of me understand why you should vote against the bill. If you do, you will be voting against yourselves. Let me put it another way. If there were no ban on margarine at present and conditions were exactly as they are today, would you vote to put this prohibitory law on the statute books now? I am quite sure you would not.

During the war there were shortages of many commodities, but did we pass laws forbidding the use of those commodities in the making of other things? There was, for instance, a scarcity of bricks, but did we prohibit the erection of brick houses? There was a scarcity of greases and fats used in the manufacture of soap, but did we make that manufacture illegal? There was and is a shortage of iron and steel and of nails. But would anyone suggest that we should prohibit the erection of bridges or other structures requiring the use of these materials? No. We would have regulations restricting the use, just as we have quotas for the time being; but in no case would we have a law prohibiting the manufacture of any article that was scarce in this country.

I say again to my friends, do not be misled by what you have heard with regard to the scarcity of oils. Propaganda has gone out which, I fear, has led many of our people to surrender to the ignoble feeling that the mere mention of margarine may give rise to an unfounded fear on the part of the farmers who produce butter. If I may particularize in this respect, I would refer to the President of the Federation of Agriculture. Secondly, there is a fear for political reasons. I am putting the case bluntly. I think nobody will deny that there is a fear of the political effect that the permission of the use of margarine would have in this country. I say that those fears are entirely unfounded or greatly exaggerated.

May I be permitted to give an allegory which I have previously presented in this house? Because it is appropriate to the situation today it bears repeating. It goes something like this: A traveller was passing through an eastern country where the plague takes its toll of hundreds of thousands, and sometimes millions, of people. As he stood on a hill, overlooking a large city, the spirit of the plague joined him and said, "I am going to take the lives of 5,000 people in this city." The traveller continued on his journey, and later heard that 50,000 people in that city had died of the plague. After a time he again met the spirit of the plague and said to him, "You told me you would take the lives of 5,000 people in that city, but I hear you took 50,000". "Oh, no," said the spirit of the plague, "I took only 5,000 lives; the other 45,000 died of fear". That, I think, pretty well describes the situation today.

I am convinced that the makers of butter would not be seriously injured by the removal of the ban; and I am pretty well satisfied that the people of Canada, being fair-minded, as they are, would not hold it against a man who wanted to be returned to parliament that he had voted in favour of permitting oleomargarine.

The Canadian people will not be satisfied with the explanations offered thus far for the failure to give them margarine. They will not understand why they get no answer to the question: "Why can I not get margarine if I want it?" The housewife cannot appreciate why she is denied margarine when either she is unable to buy butter or cannot afford to pay 73 cents a pound for it. I ask my honourable friends what decent reply we can make to these questions, in fairness to millions of consumers in this country.

Certain points arising out of this debate are now pretty well settled. For instance, the wholesomeness of margarine is unquestioned. It is even admitted by the opponents of the bill, so I will not discuss it. A second feature is the butter shortage. Experience tells us that it is a fact. I think it was the President of the Borden Milk Company who, in speaking recently before the Special Committee on Prices of the House of Commons, made the statement that next year—that is the fall of this year—the shortage of butter will be much more pronounced and will come earlier; and further, that he saw no remedy for the shortage except to import butter or ration it.

By way of a little sidelight may I refer to a newspaper handed to me today? It is the Halifax *Herald.*

Hon. Mr. DUFF: Oh, dear!

Hon. Mr. COPP: Be careful or you will lose your friend from Lunenburg.

Hon. Mr. EULER: The article I refer to is dated Kentville, May 2, and the first paragraph reads as follows:

> Annapolis Valley towns, heretofore immune to the provincial butter shortage, are now going through practically the same experience as city dwellers. Despite the fact that this is one of the heaviest butter-producing sections of the province, the shortage is more acute than at any time during the war.

I would expect my honourable friend from Kings' (Hon. Mr. McDonald) to make the observation, as he did before, that perhaps the children down there would prefer pie to margarine. He might make the further appropriate retort, coming as he does from the famous Annapolis Valley, that it is all "applesauce" anyway.

Right Hon. Mr. MACKENZIE: Nova Scotia is all right.

Hon. Mr. QUINN: Read further in the article where it tells about the killing of the dairy cattle.

Hon. Mr. EULER: The suggestion has been made in this house that the oleomargarine question is "dynamite." I presume by that it is meant that it is political dynamite. I am sorry it has come to that stage. It was thought by some to be political dynamite only in so far as the farmers' vote was concerned; but the agitation has now developed to the point where the political dynamite has reached the large towns and cities, and it may be that the votes represented in urban centres contain more dynamite than the votes locked in the the farmers' barns. I am sorry that the question has taken a political aspect, because that could very easily have been avoided. If margarine had been permitted in this country two years ago, experience by now would have shown that the butter producer and the farmer were not being injured, and that we are in the same category as those other countries which permit its manufacture.

I heard a most cynical remark recently from a prominent public man. I made the same statement to him that I have just made here, to which he replied—

Hon. A. L. BEAUBIEN: Why does my honourable friend always point his finger at me?

Hon. Mr. EULER: I suppose it is because of a conviction in my mind that my friend requires a little admonition.

This man replied that when it came to election time those who did not get margarine would have forgotten their disappointment; but had margarine come in, the farmer would not have forgotten his grievance when he came to vote. Therefore, the right thing to do was to refuse margarine.

A moment ago I said that there are two groups in the house—those who are determined that we never shall have margarine; and those who believe in the principle underlying this bill. To them I say, if we believe in the principle let us pass the bill, and let it go to committee, if you like, and ultimately to the House of Commons, where the members of that body can assume the responsibility which is theirs.

It may be that this bill will again be defeated. I am not really worrying about that; but I point out that if it is, the defeat will be a costly one as far as the prestige of the Senate is concerned, because the consumers of Canada will not accept kindly the repeated denial of their democratic right.

It is often said that senators, who are not subject to election, are peculiarly qualified to judge issues without prejudice and without fear. They are supposed to be the protectors of minorities. But I submit that they are just as much the protectors of majorities; and the great majority of the people of this country are in favour of oleomargarine.

The state of public opinion on this question is well known. One need only look through the newspapers of the last year to be convinced that day by day the public demand for a change in the law is growing; and so far as I know there is not a newspaper, at least of any importance, in our towns and cities from Vancouver to Halifax which has not declared repeatedly that the use of margarine in this country should be legalized. Resolutions to this effect have been passed by almost every organized body in the country. I had prepared a much longer list of these bodies than is now before me; presumably it has been mislaid; but here are some of the organizations which favour the use of margarine: Canadian Congress of Labour, Canadian Association of Women Voters, Canadian Lumbermen's Association, Canadian Welfare Council, Montreal Council of Social Agencies, Food Distributors of Manitoba, the Legislature of Manitoba—an agricultural prairie province.

Hon. Mr. HAIG: But with what amendment?

Hon. Mr. EULER: My honourable friend can tell me if he likes. The legislature approved the use of margarine.

Hon. Mr. HAIG: You have quoted the legislature as being favourable. Now state the amendment.

Hon. Mr. EULER: I have not it here. My honourable friend knows perfectly well that the principle of use of margarine was approved.

Hon. Mr. HAIG: No, it was not.

Hon. Mr. EULER: Other organizations were: the West Hill United Church of Hamilton, with a petition containing one hundred signatures; the Toronto City Council, the Ottawa City Council, the London City Council, and numerous smaller municipalities whose names I will not read; also several boards of health, the Canadian Restaurant Association, some two hundred boards of trade and chambers of commerce, many labour organizations, many branches of the Canadian Legion, hospitals, churches, preachers and other individuals. In a poll conducted by a women's magazine, *Chatelaine,* printed in Toronto and having 285,000 circulation, 80 per cent of the women voted for margarine, 16 per cent against, and 4 per cent had no opinion. Then we have the result of the Gallup poll.

Hon. Mr. SINCLAIR: Before my honourable friend continues, may I ask him a question? He has read extracts from letters of various persons who corresponded with him. Will he tell the house if these were received in response to a broadcast which was made by him about the time of the opening of the debate on this bill?

Hon. Mr. EULER: I certainly did not make any broadcast, and I do not know of any letters received in reply to one.

Hon. Mr. SINCLAIR: You told the Senate that a broadcast was made in which people were invited to send in expressions of opinion, and you mentioned that you had received fifty-seven letters in response to it.

Hon. Mr. EULER: None of those is mentioned here. The reference made at that time was to a local broadcast at St. Catharines, inviting people in the surrounding district to send in letters protesting against the ban on margarine. I referred to those letters in a speech I made in moving the second reading of the bill. None of the communications referred to by me at this time have been solicited by me or anybody else.

Hon. Mr. SINCLAIR: How can my honourable friend say that these people were not influenced by that broadcast? How does he know?

Hon. Mr. EULER: Well, I daresay that the people in the St. Catharines district were influenced by the broadcast; that was the purpose of it; but I do not see the relevance of the honourable senator's question to the list of these national and other organizations which I have just read.

Hon. Mr. SINCLAIR: I was not suggesting that at all. But my honourable friend was complaining a little while ago about propaganda; he told us there was a broadcast in which protests were invited, so I wanted to know what relation it had to these names.

Hon. Mr. EULER: None whatever.

I shall not delay the house much longer, but I will refer to something that was said, I believe by the honourable senator from Vancouver (Hon. Mr. McKeen), as to the reasons for the introduction of this bill. He said—I am not using his exact words—that he thought the fight was not between the butter producers and the consumers, but between producers and those who wanted to manufacture margarine.

Hon. Mr. HOWARD: Hear, hear.

Hon. Mr. EULER: My honourable friend says "Hear, hear". I do not know whether he knows why he is saying that; but in that connection I am going to say something which I think ought to be said—and I am trying not to point my finger at my honourable friend. I believe there have been broadcasts and debates pro and con as far as margarine is concerned.

Hon. Mr. SINCLAIR: You told us that.

Hon. Mr. EULER: But so far as I know, not a scrap of printed propaganda has been issued by those who, if the manufacture of margarine were legalized, might want to make it. There has been propaganda from the other side. To the statement that no propaganda on behalf of margarine has been issued I should make one exception. There has been one little bit of printed literature—if you want to call it so—entitled "The Case for Margarine". It was gotten out by no other than Senator W. D. Euler; it was paid for by him, and it cost an infinitesimal sum. As far as I know, that is all the money that has been expended in behalf of the manufacture of margarine.

Hon. A. L. BEAUBIEN: Has that been "spread" very much?

Hon. Mr. EULER: I do not think so.

Hon. A. L. BEAUBIEN: I should like to have a copy.

Hon. Mr. EULER: As I have sponsored this bill three years in succession, one would suppose that would-be manufacturers of margarine, if they wanted to press the issue in their own financial interests, would make some effort to influence me.

Hon. A. L. BEAUBIEN: Would that not be lobbying?

Hon. Mr. EULER: But I have not been approached by any person within Canada or the United States who may be interested in the making of margarine.

Hon. A. L. BEAUBIEN: Would that pamphlet which the honourable senator has printed come under the head of "lobbying"?

Hon. Mr. EULER: I do not care what you call it. I am not particularly worried about that.

A word about the Gallup poll. As everybody konws, a vote was taken not more than two or three weeks ago. In response to a question submitted in April, 1948, to a representative section of the whole population, not only people living in the towns and cities, but also farmers and producers of butter, voted fifty-eight per cent in favour of the sale of margarine and 29 per cent against it. That vote was taken, by and large, all over the country, including farmers and others. Twice as many demanded the sale of margarine as opposed it. In the cities only—that is the non-farm—67 per cent were in favour of it.

Hon. A. L. BEAUBIEN: What percentage of the farmers voted in favour of it?

Hon. Mr. EULER: Thirty-four per cent as against 54 per cent—not very heavy. It would be interesting to my honourable friend to know that even the farmer's sentiment is growing in favour of margarine. For instance, in 1943 there were 25 per cent in favour of the sale of oleomargarine, in 1947 there were 27 per cent in favour, in 1948 there were 34 per cent in favour, and in 1949, I think it would probably be 50 per cent.

Hon. A. L. BEAUBIEN: Of course my honourable friend knows what happened when Governor Landon ran against Roosevelt in the United States. The Gallup poll did not amount to very much.

Hon. Mr. EULER: It was not the Gallup poll at all; it was the Literary Digest poll. I do not pay as much attention to American politics as I do to Canadian politics.

Hon. A. L. BEAUBIEN: I am not talking about politics; I am talking about polls.

Hon. Mr. EULER: I am sorry. I was looking for a note.

Hon. A. L. BEAUBIEN: My honourable friend can play as much politics as the rest of us; I can tell him that.

Hon. Mr. EULER: Before I was interrupted I said that senators are peculiarly qualified to judge questions on their merits. I believe that. If we feel that it is our obligation to blindly and unfailingly accept what is put before us, then in my opinion the Senate has lost its usefulness to the country. In any case it is my humble conception of the duty of a senator that he should decide questions on their merits as his judgment dictates—on principle, remembering that principles are of no value unless they are made to work. In that way senators can render useful public service. I believe that the majority of the senators in this chamber are, on principle, in favour of this bill. I do not wish in any way to lecture the Senate, but I believe that in a real sense the Senate of Canada is, in a measure, on trial this afternoon, not because of the importance of margarine, for it is comparatively unimportant, but because of the vital democratic principle involved—the right of Canadians to free competition, free choice, and freedom to make and buy and sell what they like, without favouring any class, be they farmers, labourers, capitalists or anyone else.

I appeal to those senators who believe that this bill is sound in principle, to support it and let it go to the House of Commons, so that the members of that body may assume the responsibility which is properly theirs. I should like honourable senators to seriously consider the fact that if we pass this measure and the House of Commons passes it, we will have done something which will meet with the approval of the great mass of consumers of this country.

Some hon. SENATORS: Hear, hear.

Hon. Mr. EULER: If we pass this measure and the House of Commons rejects it, we will at least have done what we could to restore to the people of this country something to which they are entitled; and we will have shown the Canadian people that the Senate of Canada instead of being reactionary, as so often has been charged, is concerned with the good of the common people. If we reject this bill for the third time, I say in all seriousness that so far as the Senate is concerned the reaction upon the minds of an indignant and disappointed people will be unfortunate and regrettable to the last degree.

Some Hon. SENATORS: Hear, hear.

Some Hon. SENATORS: Question!

The motion for second reading was negatived on the following division:

CONTENTS

The Honourable Senators

Bishop,	Lacasse,
Campbell,	Lambert,
Crerar,	McDonald (Shediac)
Duff,	McGuire,
Euler,	McLean,
Fallis,	Murdock,
Hardy,	Quinn,
Hayden,	Veniot,
Howden,	White,
Hugessen,	
Hushion,	Wilson—21.

NON-CONTENTS

The Honourable Senators

Beaubien (Provencher),	Leger,
Beauregard,	Lesage,
Blais,	Macdonald (Cardigan),
Bouffard,	Mackenzie,
Calder,	MacLennan,
Copp,	Marcotte,
Daigle,	McDonald (Kings),
Dessureault,	McKeen,
Duffus,	Paquet,
Fafard,	Pirie,
Farris,	Robertson,
Ferland,	Robinson,
Gouin,	Sinclair,
Haig,	Stevenson,
Horner,	Taylor,
Howard,	Turgeon,
Hurtubise,	Vaillancourt—35.
Johnston,	

The following senators were paired:

FOR	AGAINST

The Honourable Senators

Aseltine	Jones
Ballantyne	Raymond
Bouchard	Dupuis
Buchanan	Gershaw
Burchill	Kinley
Davies	Nicol
Donnelly	Moraud
Paterson	Bourque
Roebuck	McIntyre

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second reading of the following bills:

Bill J-9, an Act for the relief of Beatrice Getrude Corbin Simand.

Bill K-9, an Act for the relief of Margaret McCallum Cameron Baird Brine.

Bill L-9, an Act for the relief of Leila May Willett Ascah.

Bill M-9, an Act for the relief of Joseph Ulric Stanislas Caron.

Bill N-9, an Act for the relief of Edith Elizabeth Walker.

Bill O-9, an Act for the relief of Yvonne Jeanne Leslie.

Bill P-9, an Act for the relief of Bertha (Brana) Hindes Ramer.

Bill Q-9, an Act for the relief of Ellen Gertrude Hinks Fairhurst.

Bill R-9, an Act for the relief of Shirley Marder Berman.

Bill S-9, an Act for the relief of Vera Maud Thayer Gunn.

The motion was agreed to, and the bills were read the second time.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 6, 1948

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORT REFERRED TO COMMITTEE

The Hon. the SPEAKER: Honourable senators, I have the honour to present the report of the Civil Service Commission for the consideration and approval of the Senate in respect to changes in compensation of members of the staff of the Senate.

Hon. Mr. WHITE: Honourable senators, I beg leave to move that this report be referred to the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

PRAIRIE FARM ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. EULER (for Hon. Mr. Crerar) presented the report of the Standing Committee on Natural Resources on Bill 204, an Act to amend the Prairie Farm Assistance Act, 1939.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 28, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

EMERGENCY GOLD MINING ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. EULER (for Hon. Mr. Crerar) presented the report of the Standing Committee on Natural Resources on Bill 7, an Act respecting Emergency Payments to assist in meeting increased Cost of Production of Gold.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 26, 1948, examined the said bill, and now beg leave to report the same with one amendment.

The amendment was then read by the Clerk Assistant, as follows:

Page 6, line 44. After "who" insert "knowingly".

The Hon. the SPEAKER: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. ROBERTSON: With leave of the Senate, I move that the amendment be now concurred in.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move the third reading now.

Hon. Mr. HAIG: Honourable members, before the bill is given third reading, I should like to express my personal appreciation to the departmental officials who appeared before the committee this morning to give us certain information with respect to this bill. I am not a member of the commiteee, but I sat in at the meeting this morning, and I consider it to have been one of the most helpful I ever attended.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Miscellaneous Private Bills on Bill V-7, an Act to incorporate The Canadian Legion of the British Empire Servic League.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 28, 1948, examined the said bill, and now beg leave to report the same with certain amendments.

The amendments were then read by the Clerk Assistant, as follows:

1. Page 2, clause 4: Delete paragraph (a) and substitute therefor the following:—

"(a) to constitute an association of those who have served in His Majesty's Navy, Army, Air Force or any auxiliary force, which association shall be democratic and non-sectarian; and shall not be affiliated to or connected directly or indirectly with any political party or organization;"

2. Page 2, clause 4: After new paragraph (a) insert the following as new paragraph (b):—

"(b) to bring out the unity of all who have so served;

3. Page 2, clause 4: Reletter paragraphs (b), (c), (d), (e), (f), (g) and (h) as paragraphs (c), (d), (e). (f), (g), (h) and (i).

4. Page 2, clause 4: After relettered paragraph (i) insert the following as new paragraph (j) and reletter subsequent paragraphs:

"(j) to strive for peace, good will and friendship among all nations, at the same time advocating the maintenance by Canada of adequate and sufficient forces on land, sea and in the air for the defence of our country and for the discharge of those obligations which rest upon us by virtue of our partnership in the British Commonwealth and Empire;"

5. Page 3, clause 4: After paragraph (r), relettered (t), add the following as new paragraph (u):—

"(u) to act generally on behalf of all those who have served in His Majesty's Forces."

6. Page 6, line 41: Delete "requisite" and substitute "useful".

7. Page 6, line 42: After "sell," insert "lease,".

8. Page 7, clause 12: Delete paragraph (d) and substitute therefor the following:—

"(d) hypothecate, mortgage or pledge any real or personal property of the respective command or branch to secure any such debentures or other securities or any money borrowed or any other liability of such command or branch;"

9. Page 7, line 25: Delete "command or".

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. HUGESSEN: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill V-9, an Act for the relief of Joseph Chiarella.

Bill W-9, an Act for the relief of Merle Allene Dalton.

Bill X-9, an Act for the relief of George Nestor Cloutier.

Bill Y-9, an Act for the relief of Rufina Olga Soltysik Leshchynski.

Bill Z-9, an Act for the relief of Rhea Lillian Appel Ostroff.

Bill A-10, an Act for the relief of Alice Elizabeth Tucker Shaw.

Bill B-10, an Act for the relief of Libby Raikles Lerner.

Bill C-10, an Act for the relief of Beatrice Catherine McCabe Sowerby.

Bill D-10, an Act for the relief of John Morrell.

Bill E-10, an Act for the relief of Lily White Borgan.

Bill F-10, an Act for the relief of James Donald Bacon.

Bill G-10, an Act for the relief of Laurel Gwendolyn Wilband Walsh.

Bill H-10, an Act for the relief of Lillian Eileen Rendle Nadler.

Bill I-10, an Act for the relief of Claire Alice Tucker Vincent.

Bill J-10, an Act for the relief of Audrey Beryl Fryer.

The bills were read the first time.

THIRD READINGS

Hon. Mr. ASELTINE moved the third reading of the following bills:

Bill J-9, an Act for the relief of Beatrice Getrude Corbin Simand.

Bill K-9, an Act for the relief of Margaret McCallum Cameron Baird Brine.

Bill L-9, an Act for the relief of Leila May Willet Ascah.

Bill M-9, an Act for the relief of Joseph Ulric Stanislas Caron.

Bill N-9, an Act for the relief of Edith Elizabeth Walker.

Bill O-9, an Act for the relief of Yvonne Jeanne Leslie.

Bill P-9, an Act for the relief of Bertha (Brana) Hinds Ramer.

Bill Q-9, an Act for the relief of Ellen Gertrude Hinks Fairhurst.

Bill R-9, an Act for the relief of Shirley Marder Berman.

Bill S-9, an Act for the relief of Vera Maud Thayer Gunn.

The motion was agreed to, and the bills were read the third time, and passed, on division.

DAIRY INDUSTRY BILL

STATEMENT BY HON. MR. EULER

On the Orders of the Day:

Hon. W. D. EULER: Honourable senators, I should like to correct what possibly was a wrong impression given by me in yesterday's debate. In reply to a question by the honourable senator from Queen's (Hon. Mr. Sinclair), I said that I had not taken part in a broadcast on the subject matter of the Dairy Industry Bill. His question related entirely to a local broadcast at St. Catharines, with which I had nothing to do. I did, however, at the request of the Canadian Broadcasting Corporation, take part in a national broadcast along with Mr. H. H. Hannam, President of the Canadian Federation of Agriculture. Mr. Hannam spoke against the use of margarine, and I, of course, in favour of it.

PRESS REPORT ON VOTE

On the Orders of the Day:

Hon. JOHN T. HAIG: Honourable senators, I desire to refer to a matter which should be called to public attention. Most of this morning's newspapers reported the names of those who voted for and against the Dairy Industry Bill; and to that I make no objection; but they failed to call attention to the fact that no less than ten members of the Senate were paired. The impression created by this omission is that when the vote was taken only fifty-six senators were in the chamber. As a matter of fact sixty-six of about eighty members were in attendance. I think the press should have carried the information that ten senators were paired. The fact was correctly reported in *Hansard*.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA
CANADA-U.S. AGREEMENT

The Senate resumed from Thursday, April 22, the adjourned debate on the motion of Hon. Mr. Robertson:

That it is expedient that parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, attached to the Final Act of the second session of the preparatory committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with commentary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to delay the house too long, because I spoke on the original motion earlier in the session. On December 15, 1947, the subject matter was referred to committee, where full investigation has since been made into all phases of the Geneva Agreements. Following the passing of this resolution, a bill dealing with the whole matter in detail will come to us from the House of Commons.

At this time I just wish to say a word or two about the Geneva Agreements. I wholeheartedly approve of the idea of having agreements negotiated as they were at Geneva. I do not say that I agree with all the results of the negotiations, but I think that tariff matters ought to be settled through such negotiations. I have never been in favour of a general tariff, open to all countries—and even allowing reductions of tariff—without any reciprocal benefits. As we all know, our representatives negotiated agreements with some twenty-one nations, but I understand that only seven of these agreements were finally signed. As our representatives repeatedly told us in committee, negotiations with other nations were always opened with the idea of making an agreement that would be advantageous not only to the other country, but to Canada as well. The difficulty underlying the agreements is that the United States of America has a heavy tariff on practically everything. Their president has the right to reduce the tariff by 50 per cent, but that is all, and there is always the possibility that the tariff may be put back where it was previously. In 1886 Canada had a disastrous experience with the United States in the matter of reciprocal agreements.

By and large—though perhaps, not with the same results—Right Honourable R. B. Bennett, later Viscount Bennett, as Prime Minister of this country, negotiated agreements with the other countries of the British Commonwealth on the same basis as the Geneva Agreements were negotiated. The idea was: you give this and you get that. One point to be remembered is that when we make concessions to the United States under these agreements we make them to all member countries on the same basis. That is to be expected. I think I speak for a large number of Canadians when I say that this is the proper way for a trading nation such as ours to carry on negotiations of this nature. That is to say, we make sure that in return for what we give we get a market which will correspondingly benefit us.

Honourable senators, I do not think anyone but the experts appointed by the government to go into this matter can give the details of the agreements. From what I heard these experts say in committee, it appears to me that they made a very reasonable transaction. Whether it will prove to be so reasonable when it is worked out, I do not know. There are no benefits from the agreements at the present time, but by reason of entering into them we have done two things. First, we have prohibited the export of certain of our goods to other countries. For example, let me refer to the breeders, stockers and beef-cattle raisers of Canada. Originally we had an agreement with the United States whereby we could send to that country 200,000 head of cattle a year. Under the Geneva agreements we have the right to send 400,000. But we are not permitting these cattle to be sent to the United States. You may say, "Oh, yes, Winnipeg, that is all right; but if we allow 400,000 head of cattle to be exported to the United States each year, the price of beef and the cost of living will go up in this country." My reply to that argument is this: Why should the beef producers pay a bonus to the rest of us so that

we may eat beef at half the price that it would bring on the world market? I do not believe there is any answer to that question. In the three prairie provinces, in the eastern provinces, and to some extent in British Columbia, there are many feeders and stock raisers who would be delighted to sell 400,000 head of cattle on the American market. As an illustration of what this means I would refer to what my friend the junior senator from Vancouver told us in committee, namely, that under the Geneva agreements we were allowed to send fresh salmon to the United States. This would mean that our salmon producers would get a much higher price for their product on the American market than they would in Canada. But the government placed a restriction on the export of salmon to the United States because, they claimed, it would put the British Columbia canneries out of business. This policy is in direct opposition to the Geneva agreements. To my mind it is a short-sighted policy, and I do not see how honourable senators opposite, who claim to have Liberal principles, can support a situation—

Right Hon. Mr. MACKENZIE: May I correct my honourable friend? The so-called junior senator from Vancouver never made the statement that has been attributed to him. It was made by the honourable senator from Burrard.

Hon. Mr. HAIG: I thought he was from Vancouver.

Right Hon. Mr. MACKENZIE: It is Vancouver-Burrard.

Hon. Mr. McKEEN: It is Vancouver.

Hon. Mr. HAIG: We have a senior senator from Vancouver and a junior senator, and now we have a junior to the junior.

Hon. Mr. McKEEN: I am in between.

Hon. Mr. FARRIS: I am from Vancouver South.

Hon. Mr. HAIG: As far as I can find, honourable members on the other side of the house never agree amongst themselves on anything, so I am not surprised that they disagree on their designations.

Hon. Mr. COPP: There was a slight difference on your side yesterday.

Hon. Mr. HAYDEN: We do not find the honourable leader opposite agreeing with himself from day to day.

Hon. Mr. HAIG: I do. There is never any doubt where I stand.

Honourable senators, under the Geneva agreements we entered into a solemn compact whereby the United States permit us to send 400,000 head of cattle a year to their country; but at the very same moment an order is issued prohibiting the export of any cattle from Canada. The two things are diametrically opposed, and I do not see how they can be reconciled.

Hon. Mr. MacLENNAN: My honourable friend did not object when the western farmers were getting millions of dollars, a share of which had to be paid by the people of the East.

Hon. Mr. HAIG: At the present time the western farmers are allowing eastern bakers to make bread from wheat for which the millers pay only $1.55 a bushel when they should be paying from $2.55 to $3 a bushel for it. The farmers of the West are losing at least $1.00 a bushel on their wheat, because the present government refuses them not only the world price, but the new British price for wheat. These farmers should be able to sell their wheat to the East under the world price. They are bonusing all the bread eaters of Canada. The only compensation that western Canada has ever been paid for the losses on wheat policies has been $30 million to $35 million, when for a year or two the government of the day and the succeeding government held up the price of wheat, not at a high figure but at a figure just high enough to enable the farmers to get by.

Hon. Mr. EULER How about the millions that were paid to the western wheat growers who had no crop or only a partial crop? That money came out of the general public.

Hon. Mr. HAIG: A very small part of it. A considerable percentage comes from the wheat producers themselves.

Hon. Mr. HAYDEN: Only one-third of it. The rest of it comes out of the general fund.

Hon. Mr. HAIG: No, it is more than a third.

Hon. Mr. HAYDEN: It is about $30 million out of about $90 million.

Hon. Mr. HAIG: But we in the West are part of the general public, too.

Hon. Mr. ASELTINE: This thing has been going on over a long period of years.

Hon. Mr. EULER: Every year we subsidize the farmers who have had crop failures.

Hon. Mr. HAIG: By giving eastern Canada wheat at $1.55 during the last four years, the West has more than paid back every dollar that eastern Canada ever gave to the West.

Some hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I have no objection to Canada selling wheat to Great Britain at $1.55. My objection is that you people in the East are not bearing any part of the loss resulting from that transaction. You puff out your chests and say: "By selling wheat to the British people at a low price we are helping them to get through their emergency". But it is not you who are helping them at all. We in western Canada are paying the shot. The sooner Ontario and Quebec learn that Manitoba, Saskatchewan, Alberta, British Columbia, Nova Scotia, New Brunswick and Prince Edward Island are part of Canada, the better it will be for this country.

Hon. A. L. BEAUBIEN: They never will learn that.

Hon. Mr. HAIG: Now I come back to my main point.

Hon. Mr. EULER: Will my honourable friend permit me to interrupt him?

Hon. Mr. HAIG: Certainly.

Hon. Mr. EULER: I am inclined to agree that the western farmer is paying for something for which the whole country gets credit. But, if I may use a colloquial phrase, I do not want my honourable friend to "get away with" his suggestion that the benefit is all on one side. Eastern Canada has contributed very heavily to western Canada.

Right Hon. Mr. MACKENZIE: The converse is true too.

Hon. Mr. EULER: It works both ways.

Hon. Mr. HAIG: Honourable members, I am quite willing to debate this question with my honourable friend from Waterloo (Hon. Mr. Euler). I have followed western politics for forty years. In all that time I have been either a school trustee at Winnipeg or a member of the Manitoba Legislature or a senator. Since the first of January 1908 I have never been out of public office. I am a Westerner. All my life, except for a year or two when I was a baby, has been spent in the province of Manitoba. I have taken a very keen interest in the question of what eastern Canada has done for the West, and—I say this with all respect—I can find no record showing that either Ontario or Quebec ever gave western Canada one dollar in any form without getting the dollar back, plus good interest on the money. That is the record.

Hon. Mr. EULER: The East and the West have contributed to each other's development.

Hon. Mr. HAIG: For years we in western Canada—we Conservatives especially—had a desperate job trying to justify the policy which compelled our people to buy their goods at high prices in eastern Canada, which was protected by tariffs, and sell their products on the world market, which was free and unprotected. Whenever there was an election the people said to us: "Why should we elect you? Under your policy we have to pay more than we should for what we buy, and we get less than we should for what we sell."

Hon. Mr. EULER: What was your answer to that question?

Hon. Mr. HAIG: That I thought the good of all Canada outweighed the loss. We stood for that. I do not want anybody to say to me that western Canada was given something by eastern Canada, because that has never been true.

Hon. Mr. ROBERTSON: Hear, hear.

Hon. Mr. HAIG: I rather like the questions and interruptions, but they have sidetracked me. Let me come back to the Geneva agreements.

The Geneva agreements represent a new idea, which I like, and I am willing that they should have a fair test in this country. We are a great trading nation. As I have said before, three out of every eight of our people depend on world trade. We have got to have world trade, but it must be carried on in a way that, while advantageous to the rest of the world, is not detrimental to any part of our country or our economy.

Let me say to my honourable friend from Margaree Forks (Hon. Mr. MacLennan) that since I came to this house I have got a keen appreciation of the difficulties under which the Maritime provinces labour. Formerly I had never understood the question. It would take a very eloquent speaker to convince me now that we should not, perhaps, do more for those provinces than we are doing. As to western Canada, if you allow us to have the benefits of the Geneva agreements, we shall look after ourselves. Do not make any mistake about that. But I am not sure that the agreements will help Nova Scotia, New Brunswick and Prince Edward Island. That is a question which we as senators ought to consider carefully. Let us not forget that at the time of confederation it was agreed that the Maritimes should be represented by twenty-four senators—one-third of the seventy-two members of this chamber as at first constituted. In time the membership

was increased to ninety-six, in order that the four western provinces might also have twenty-four representatives here; so now the senators from the Maritimes comprise but one-fourth of our membership.

I shall reserve detailed examination of the Geneva agreements until the bill is brought in.

Hon. Mr. LAMBERT: I judge from my honourable friend's concluding remarks that he is favourable to the application of the Geneva agreements.

Hon. Mr. HAIG: From what I know of them at present, I am. It is difficult to answer the question without reservation, because I have not seen the bill. However, I like the idea.

Hon. Mr. LAMBERT: The principle?

Hon. Mr. HAIG: Yes.

Right Hon. Mr. MACKENZIE: Does my honourable friend not consider that the time has come when the West should have more senatorial representation?

Hon. Mr. HAIG: I have not consulted my fellow members about this, so I can speak only for myself. I would not vote for a change in the senatorial representation.

So far as I can judge from reading the *Confederation Debates*, the Maritime provinces were induced to come into the union on the understanding that their representation in the Senate would be twenty-four members, and that Ontario and Quebec would each have twenty-four representatives here. Later there was unanimous agreement that the West also should have twenty-four senators.

Honourable senators, because of the question asked me, I should like permission to say a few words more, although I know that I am out of order. The Senate is not supposed to be a representative chamber in the same way that the House of Commons is. If the Senate were an elected body, we would have just the same situation as they have in the United States—the Senate would become more powerful than the other house. The members of the House of Commons are directly responsible to the people, but it is our special function to guard the interests of minorities. Sir John A. Macdonald said that the Senate would serve to delay action on important questions until public opinion was settled. That point was never better illustrated than it was in the Ontario elections of 1943 and 1945. In the 1943 election 34 C.C.Fers and 38 Progressive Conservatives were elected; the rest of the house was made up of Independents and Liberals. In 1945, the C.C.F. representation was cut down to eight or nine members. That situation indicates to me that after the people had had a chance to reconsider they decided they did not want certain representatives. It seems to me that our purpose here is to delay legislation until the people have had sufficient time to consider it properly; but when there is a showdown, and the people of Canada say they want certain measures passed, I do not believe we should oppose them. Once the citizens of this country fully appreciate a problem, then we must obey their will. My answer to the question of my honourable friend is that I would not change the present senatorial representation.

Right Hon. Mr. MACKENZIE: I thank my honourable friend for his courteous and able reply. He bases the representation allotted to the Maritime Provinces on certain features prevailing in 1867, but does he not appreciate that British Columbia was invited to join confederation under a definite promise of a certain readjustment which has never been carried through?

Hon. Mr. HAIG: I quite admit that.

The Hon. the SPEAKER: Order. Honourable senators must realize that they are getting far away from the subject of the debate.

On motion of Hon. A. L. Beaubien, the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honurable senators, I move that when the house adjourns today it do stand adjourned until Monday, May 10, at 8 o'clock in the evening.

Right Hon. Mr. MACKENZIE: Honourable members, may I be permitted to ask the honourable leader if he can give us any indication of the business which will be before the house on Monday next?

Hon. Mr. ROBERTSON: I hope to be ready to proceed with the second readings of the Dominion Bureau of Statistics bill and the bill to amend the Canada Evidence Act. I asked the Whip to adjourn the debate on Tariffs and Trade in order to keep the matter open for any honourable senator who was not prepared to proceed today. I hope that some honourable senator may be prepared to speak on Monday, and that the debate may continue thereafter.

The motion was agreed to.

The Senate adjourned until Monday, May 10, at 8 p.m.

THE SENATE

Monday, May 10, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION SUPPLEMENTARY REPORT REFERRED TO COMMITTEE

The Hon. the SPEAKER: Honourable senators, I have the honour to present to the Senate a supplementary report from the Civil Service Commission with respect to changes in rates of compensation for members of the staff of the Senate.

Hon. Mr. WHITE: Honourable senators, I beg leave to move that this report be referred to the Standing Committee on Internal Economy and Contingent Accounts. I should like to remind members of the committee that it meets tomorrow morning at 11:30.

The motion was agreed to.

CANADA SHIPPING BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications, on Bill E-5, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable senators, the committee have in obedience to the order of reference of 18th March, 1948, examined the said bill, and now beg leave to report the same with the following amendments:

1. Pages 1-2 clause 1: Add the following as new subclause (2):—

"(2) Paragraph thirty-eight of the said section is repealed and the following substituted therefor:

'(38) 'Home-trade voyage' means a voyage not being an inland or minor waters voyage between places within the area following, to wit: Canada, the United States of America, the Territory of Alaska not west of Cape Spencer, Newfoundland, Labrador, St. Pierre and Miquelon, the West Indies, Mexico, Central America and the northeast coast of South America, in the course of which a ship does not go south of the sixth parallel of north latitude or through Behring Strait.'"

2. Page 1, clause 1: Renumber subclause (2) as subclause (3).

3. Page 1, clause 1: After subclause (2), renumbered (3), add the following as new subclause (4):—

"(4) Paragraph forty-one of the said section is repealed and the following substituted therefor:

'(41) 'Inland waters of Canada' means all the rivers, lakes and other navigable fresh waters within Canada, and includes the river St. Lawrence as far seaward as a straight line drawn from Cap des Rosiers through West Point Anticosti Island extending to the north shore.'"

4. Page 1, clause 1: Renumber subclause (3) as subclause (5).

5. Page 1, clause 1: After subclause (3), renumbered (5), add the following as new subclause (6):—

"(6) Paragraph fifty-five of the said section is repealed and the following substituted therefor:

'(55) 'Minor waters of Canada' means all inland waters of Canada other than Lakes Ontario, Erie, Huron (including Georgian Bay), Superior and Winnipeg, and the river St. Lawrence east of a line drawn from Father Point to Point Orient, and includes all bays, inlets and harbours of or on the said lakes and said Georgian Bay and such sheltered waters on the sea coasts of Canada as the Minister may specify.'"

6. Page 1, clause 1: Renumber subclause (4), (5) and (6) subclauses (7), (8) and (9).

7. Page 2: Add the following as new clause 2, and renumber clauses 2 to 16 accordingly:—

"2. Section eight of the said Act is repealed and the following substituted therefor:

'8. Ships not exceeding ten tons register tonnage employed solely in navigation on the lakes, rivers or coasts of Canada and pleasure yachts not exceeding ten tons register tonnage wherever employed or operated are exempted from registry under this Act.'"

8. Page 7: After clause 16, renumbered 17, add the following as new clause 18, and renumber clauses 17 to 22 accordingly:—

"18. Subsection one of section one hundred and eighty-two of the said Act is repealed and the following substituted therefor:

'182. (1) The master shall sign and give to a seaman discharged from his ship, either on his discharge or on payment of his wages, a certificate of his discharge in a continuous discharge book in a form approved by the Minister, or any form approved by the proper authority in that part of His Majesty's dominions in which the ship is registered, specifying the period of his service and the time and place of his discharge, but not containing any statement as to his wages or the quality of his work unless requested by the seaman.'"

9. Page 10, lines 21 to 24: Delete and substitute:—

"(2) A seaman is not guilty of an offence under this section by reason only of his taking part in a lawful strike after his ship and cargo have been placed in security to the satisfaction of the harbour master or the master of the ship where no harbour master is available, at the terminal port in Canada of the voyage in which the ship is engaged."

10. Page 11, lines 13 and 14: Delete clause 23, substitute the following as new clause 25, and renumber clauses 24 to 28 accordingly:—

"25. Subsection one of section two hundred and sixty-one of the said Act is repealed and the following substituted therefor:

'261. (1) If a person by any means whatever persuades or attempts to persuade a seaman or apprentice belonging to any ship unlawfully to neglect or refuse to join or proceed to sea in or to desert from his ship, or otherwise to absent

himself from his duty, he shall be liable, for the first offence, to a fine not exceeding fifty dollars or to imprisonment for a term not exceeding six months, and for any subsequent offence to a fine not exceeding one hundred dollars or to imprisonment for a term not exceeding nine months.'"

11. Page 13: After clause 28, renumbered 30, add the following as new clauses 31 and 32:—

"31. Subsection one of section three hundred and fifty-two of the said Act is repealed and the following substituted therefor:

'352.(1) If a pilot or apprentice pilot is taken to sea or beyond the limits for which he is licensed he shall be entitled to cabin passage and, over and above the pilotage dues otherwise payable to him, to the sum of fifteen dollars per day, to be computed from and inclusive of the day on which the ship passes the limit up to which he was engaged to pilot her, and up to and inclusive of either the day of his being returned in the said ship to the place where he was taken on board or, if he is discharged from the ship at a distance from such place, such day as will allow him sufficient time to return thereto.

32. Section three hundred and fifty-three of the said Act is repealed and the following substituted therefor:

353. If a licensed pilot or apprentice pilot is placed in quarantine, owing to his having been taken on board in any ship, he shall be entitled to suitable board and accommodation and to the sum of fifteen dollars per day over and above the pilotage dues payable to him from and inclusive of the day on which he is placed in quarantine up to and inclusive of the day on which he is discharged therefrom; and if he is not discharged at the place where he was taken on board any ship, then up to and inclusive of such day as will allow him sufficient time to return to such place, in which case he shall be entitled to his reasonable travelling expenses over and above such pilotage dues and such other additional sums.'"

12. Page 13: Renumber clause 29 as clause 33.

13. Page 13, lines 6 and 7: Delete "or owned in Canada".

14. Page 13, lines 19 to 28: Delete clause 30.

15. Page 13: Renumber clause 31 as clause 34, and subsequent clauses accordingly.

16. Page 20, line 3: For "eighteen" substitute "twelve".

17. Page 20, line 45: For "sixteen" substitute "seventeen".

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. COPP: Next sitting.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA—CANADA-U.S. AGREEMENT

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Robertson—That it is expedient that Parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, attached to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.—*Honourable Senator Haig.*

Right Hon. Mr. MACKENZIE: May I ask my honourable friend the leader opposite the exact status of this resolution?

Hon. Mr. HAIG: I spoke on the resolution a few days ago, after which it was adjourned by the honourable senator from Provencher (Hon. Mr. Beaubien). It should not now appear in my name.

Right Hon. Mr. MACKENZIE: Does that situation deprive any humble member who comes here from another place of the right to speak to it?

Hon. Mr. HAIG: No. It is being called now.

Hon. A. L. BEAUBIEN: I adjourned the debate at the request of the leader of the house, to give anyone who wished to speak to it an opportunity to do so. If the debate had not been adjourned, the item would have disappeared from the Order Paper. My right honourable friend can go ahead now.

Right Hon. IAN MACKENZIE: Honourable senators, I do not intend to detain this honourable body very long on this most important subject. I do not want to be censorious, but I wish to say at once, that in my judgment this measure has received very tenuous consideration from the Senate of Canada. In my opinion this is one of the greatest social and economic measures of our time, or of any time, and I must protest that, except for the speech of my colleague from Vancouver South (Hon. Mr. Farris), there has been a complete lack of consideration given to it by the Senate.

I am surprised that my friend from Ottawa (Hon. Mr. Lambert), who has as thorough and comprehensive a knowledge as anyone in this house of the background, principles and the scope of the Geneva agreements, has not yet seen fit to give us the benefit of his advice with respect to them. I am sure he will do so.

Hon. Mr. LAMBERT: May I ask the honourable member if he is aware that, when the resolution introducing these treaties was submitted to this house, the leader on this side (Hon. Mr. Robertson), the honourable senator from Churchill (Hon. Mr. Crerar) and I spoke very definitely on the subject. I hope to speak again as the debate goes on.

Right Hon. Mr. MACKENZIE: I am reassured by this sign of repentance on the part of my honourable colleague from Ottawa—

Hon. Mr. LAMBERT: There is no repentance.

Right Hon. Mr. MACKENZIE: —and I am sure the house will listen with great attention to his contribution. I hope I shall be fortunate enough to be credited with the suggestion that he speak again upon this very important matter.

Now let me say a word to the leader of the opposition (Hon. Mr. Haig). He knows that I have a great regard for him, and a personal liking. We are dealing with an economic structure which will affect this nation—

Hon. Mr. HAIG: I do not want to interrupt my honourable friend, but he cannot in justice criticize me. I spoke on this subject on December 15, and again last Thursday. For some reason I am now recorded as having adjourned the debate, although I did not do so. As I have discussed the agreements twice in the same session, I cannot be accused of neglect.

Right Hon. Mr. MACKENZIE: I accept unreservedly the statement of the leader of the opposition. The trouble is that some of us have forgotten what was said, not only by him but by the honourable senator from Ottawa (Hon. Mr. Lambert). Both these gentlemen are experts on tariffs and trade, and by comparison the rest of us are mere amateurs. But if the leader of one of Canada's historic parties can dismiss this tremendous problem in a few itinerant remarks, he is not the man I thought he was.

Hon. Mr. HAIG: Just a moment. I made a regular speech on the 15th of December. My honourable friend must have been in some other place, or he would have known that.

Right Hon. Mr. MACKENZIE: Honourable senators, since my appointment to this chamber I have not been in the other place.

Hon. Mr. HAIG: I said I spoke on December 15.

Right Hon. Mr. MACKENZIE: I have listened to all my honourable friend's speeches, and I have enjoyed them all, because he is a most adroit and alert speaker. But on this subject he has said, in my opinion, nothing at all. As a life-long free-trader, and a believer in the principle and essential importance of the Geneva agreements, I should like to hear the honourable leader opposite make a declaration of policy which will disclose where the Progressive Conservative party stands with respect to these agreements. I should like to know whether, in regard to Canada's new policy of emancipation of tariff agreements with the freedom-loving nations of the world, the Progressive Conservative party is in alliance with those of us of Liberal thought.

Honourable senators, I do not like figures or statistics, but in order to develop my thesis I am going to give Canada's export and import figures for a few years.

In 1946 our total trade was $4,176 million; our exports being $2,312 million and our imports $1,864 million. In 1947 our total trade was $5,349 million, our exports $2,775 million and our imports $2,574 million. The favourable balance of exports over imports was $201 million. While the total volume of trade has continued to increase, the favourable balance is tending to disappear because imports, particularly from the United States, have increased faster than exports. In 1946 Canada's imports from the United States were $1,405 million, and her exports to that country were $888 million. This left a deficit of $517 million to be paid for in some other way than by exports. In 1947 Canada's imports from the United States were $1,975 million and her exports to that country, including re-exports, were $1,057 million. The unfavourable trade balance had reached almost $1 billion, $918 million to be exact.

Honourable senators, traditionally Canada has had an unfavourable trade balance with the United States and a favourable trade balance with the rest of the world. Canada's normal economy requires that she export approximately one-third of her production—the classical illustration of our need in that respect is our inability to consume all our own wheat—it is therefore essential that her British and European markets be restored. I am gradually coming to the genesis of the Geneva Agreements.

In order that Britain and Europe might continue to receive from Canada the goods that they require, and which from the standpoint of our own prosperity it was equally necessary that we should sell, Canada made a series of loans to Britain and other European countries. What were they? This little country of 12 million people lent $1,250 million to Great Britain, $242 million to France and $277 million to other European nations. The United States also made substantial loans to Britain and to western Europe. The result of these loans is that although our exports to Britain and other European countries have been going forward in good volume, we have

been paying for them ourselves. When Britain buys wheat or bacon from Canada, the Canadian government pays the farmer, and the amount is deducted from the loan to Great Britain.

These loans are rapidly nearing exhaustion. There is grave doubt about our ability to extend further credit, even if Britain were disposed to assume an increase in her debt. The essence of Canada's position is that we are selling on credit and buying for cash, as we have been doing for five or six or seven years. We were able to get through the year 1946 successfully because during the war we accumulated a reserve of gold and United States dollars. It will be recalled that the other evening we had a very interesting speech about gold by our honourable friend from Cariboo (Hon. Mr. Turgeon).

The figures showing our reserves of gold and United States dollars at certain periods are significant. Let us see how we went down almost to the very point of economic and financial disaster for Canada. I cannot refer to the measures that were taken with the United States, because we have already discussed them this session, but from what I am saying one can infer why those measures were taken. Listen to these figures of our reserve of gold and United States dollars:

1939	$ 393 million
1941	187 million
1945	1,500 million

At the end of 1946 the reserve was $1,237 million, but the stark story of the next year is that by December of 1947 the amount had fallen to $502 million. My honourable friend from Cariboo referred to that a couple of weeks ago. In January of 1948 the reserve was $514 million. We have reason to believe that as a result of the emergent policies taken by the administration the figure is now very much higher. It will be observed that in 1947 we used up more than half of our reserve of gold and United States dollars.

We have heard accusations hurled across this chamber that our financial policy was mis-timed, but let me remind my honourable friends that the report of the Foreign Exchange Control Board, tabled in parliament by the Minister of Finance when he presented his budget in 1946, contained these words:

> It is clear that, in the long run, we shall either have to reduce our deficit with the United States by selling more to—or spending less in—that country, or to increase our United States dollar income from other countries.

If our trade had been permitted to follow the trend which has been so clearly in effect since the end of the war, we should have arrived in about six months' time at a position where we had no reserve of gold and United States dollars with which to pay for our imports from the United States. To illustrate the significance of this position, our imports from the United States may be classified in two groups: those that are essential, and those that are non-essential. In the essential group are coal, petroleum products, cotton, and the raw materials or semi-manufactured parts used in Canadian industry. Automobiles, radios, moving picture films, electrical appliances, and a variety of other commodities may be described as not absolutely necessary, although admittedly many of them are useful and others enjoyable. The necessity for corrective steps at this stage of our history arises from the fact that if we ran out of the means of paying for our United States imports, the effects would be felt upon necessities as well as upon items which, for the moment, we are considering as non-essential. Such is the problem which the government has endeavoured to deal with by the policy adopted on November 18.

Now I wish to outline the methods adopted by the government, and I will be brief. They are:

First, a multilateral trade agreement with eighteen countries, representing 70 per cent of the world's international trade. I wonder how many of us recall the year 1911, when the battle cry that swept the western prairie was: "No truck nor trade with the Yankees." Now, as I say, we have this agreement; yet I have not heard a Tory voice raised in this house against a new policy of Liberalism, which makes for real freedom of trade and the removal of the fetters which have bound us for so many years, and now allows us to take our rightful place among the freedom-loving nations of the world.

Second, participation in the development by the United Nations of a world trade organization and a world trade charter under which the subscribing nations agree to conform to a code of fair-trade practices.

Third, aggressive measures, by co-operation of industry and the government, for the increase of Canadian exports in dollar markets.

Fourth, co-operation with the United States and other countries in the rehabilitation of non-dollar markets for Canadian products.

Fifth, restriction of non-essential imports.

Sixth, imposition of an excise tax on a list of commodities, with a view to curtailing their sale in Canada.

Seventh, a loan of $300 million from the United States Export-Import Bank. I cannot discuss that subject because it has been dealt with previously.

Eighth, restriction to a maximum of $150 a year of the amount of American funds which a resident of Canada may obtain for pleasure travel in the United States.

Ninth, a bonus to stimulate gold production.

In so far as Canada is concerned, the purposes which the government seeks to accomplish by the nine items of new policy which I have enumerated may best be described by dividing those items into two categories: long-range policies and short-range measures. These two categories are so intertwined that we cannot separate them from one another. The trade agreement, the world trade organization, the promotion of exports and the rehabilitation of European markets are long-range policies for the expansion of world trade and of Canada's share thereof; the restrictions upon imports by prohibitions and excise taxes, and the United States loan, are short-range measures to meet the immediate crisis of a shortage of United States dollars.

There has been criticism of the timing of the announcement of these restrictions. It has been contended during this debate that if action had been taken earlier it would have prevented the need for such drastic steps. But I may say that the Minister of Finance clearly foreshadowed the pending crisis in his budget speech of April, 1947. The information is in the record of the House of Commons and is available to any honourable senator who wishes to read it. The trade conference at Geneva had just commenced in April of 1947, and it was then too early to assume that its efforts would be successful. There were indications, but no clear evidence, that the United States would use its economic power for the rehabilitation of Europe. Any restrictive program adopted at that time could not have been based on the assumption that countries representing 70 per cent of the world's trade would agree on a great trade-liberating policy. On the contrary, the announcement by an important trading nation like Canada of restrictive policies would have seriously hampered the efforts of our emissaries to bring about an international program of expansion.

An emergency policy adopted in April, 1947 could not have had as its foundation any real and practical assumption that the great and powerful United States would take constructive measures for the rehabilitation of European markets and European credit. Such a policy, if put into effect at that time, would have been of a very different character from that which has been recently announced.

The character of the program now adopted was influenced greatly by two favourable developments of the past six months—the signing of the multilateral trade agreement at Geneva on October 30, and second, the strong indications of general support in the United States of the Marshall Plan for the rehabilitation of the distressed areas of Europe. Canada was able to wait six months because, through the foresight of the government, we had during the war built up our reserves of gold and United States dollars from $393 million to $1,500 million. We weathered 1946 with the loss of only $263 million of that reserve. The loss in 1947 of about $700 million was a very serious matter. However, it was not completely disastrous, because the $500 million which remained, and which has now been substantially augmented, is twice as much as the reserve we had in 1939 or at any previous time in our history. The administration of the hour met the problem of the time with unflinching courage, and by taking the only financial measures available. Two principles were involved: first, to augment our gold and our reserves; second, to increase our strength under a long-range policy.

To what do we owe our present strong gold reserve? As one who, with his associates, played some little part in the discussions, I say we owe it very largely to the nationalized Bank of Canada. We owe it also to the Foreign Exchange Control Board. Both institutions are almost wholly under the management of the same official. We owe it also to the friendly co-operation between the Canadian and the United States governments, as exhibited in the Hyde Park agreement negotiated by Prime Minister King and that noble statesmen who recently left us, Franklin Delano Roosevelt, one of the greatest characters of all time.

By waiting six months, we have suffered a serious diminution, but not by any means the exhaustion, of our gold and dollar reserve. On the other hand, we have the great advantage of being able to dovetail our emergency measures into a great constructive, world-wide program of trade expansion, which has every prospect of being supported by the wealth and the power of the United States.

It is suggested that since the government knew the situation April, 1947, it should not have waited until November to act. The government laid the situation clearly before the people in the Finance Minister's budget speech. Those who now say that the government should have acted in April were aware of the situation at that time. If now, after the government has acted, they contend that the government should have acted in April, 1947, let them show their superior wisdom by recalling what action they advocated or proclaimed when the facts were placed before them in the budget of that time.

When opposition members say that action should have been taken earlier, they concede, of course, that the action taken is necessary. If the government can be blamed for delay, then opposition members, who are equally responsible to the people, should be able to show that in April of last year they had a policy which would have solved the problem; that they placed it before the government and the people, and that it was not adopted. Only if they are able to produce a policy which they advocated at that time are they entitled to say that the government delayed unduly.

I intended to deal with some editorial comment in the *Globe and Mail*, but in the interests of brevity I shall leave it alone.

I believe that every honourable member is fully aware of the principles and the details of the trade agreement. It is the product of more than two years' intensive effort on the part of the participating countries; and Canada's part in these negotiations has been active and important. In 1935, when the present government took office, its first and primary pledge to the people of Canada was that it would seek to re-open the channels of trade with other countries. Within a few weeks we signed the trade agreement of 1935 with the United States of America, which was a precursor of what has happened at Geneva and what we are considering now.

I am not going to analyse, in the presence of those who know them as well as I do, the four cardinal features of the Canadian tariff structure. But I draw attention to the fact that this tariff revision is not the single decision of Canada: it is the joint decision of the United Kingdom and the other members of the British Commonwealth who today enjoy preferences. I remember that when I was a young member of the opposition in the other place, we were bitterly attacked for opposing the Empire trade preferences of 1932. If I am not mistaken, one of the opposition speakers ventured to assert the other day that the present Geneva agreements were a complete repetition of the Ottawa agreements of 1932. I maintain the contrary, that they are a complete negation of the principles which were established in this city in 1932. The one policy is the negation of the other.

I could carry on for a long time, but I think the house is seized of the essential arguments, so I shall pass on to the question of socialism and control. I should like to give the house actual figures of the costs of management and governance of industry in the U.S.S.R. as compared with those in the United States of America.

If I were unkind, which I hope I am not, I would quote the various statements made by Mr. Bracken and others in the last six months with respect to control and decontrol. One day they are for control; the next day for decontrol. I have the evidence of this under my hand on this table.

Honourable senators, with the mighty United States at our side and unopposed to our great ideals of economic reform, if ever in the history of Canada there was an opportunity to obtain economic freedom through the great processes of world association and world government, that opportunity rests now in our hands. My plea to this house tonight is that we march side by side with the United States and Great Britain to formulate a policy of social and economic freedom which will bring brighter and greater days for the children of Canada.

On the motion of Hon. Mr. Vien the debate was adjourned.

CANADA EVIDENCE BILL

SECOND READING

Hon. A. B. COPP moved the second reading of Bill U-9, an Act to amend the Canada Evidence Act.

He said: Honourable senators, I believe the government leader in this house asked the honourable senator from Vancouver South (Hon. Mr. Farris) to explain this bill.

Hon. J. W. de B. FARRIS: Honourable senators, when the honourable leader on this side (Hon. Mr. Robertson) asked me to explain this bill, I hesitated at first because I was a little doubtful about the extension of the practice that had been adopted of modifying an original principle of our jurisprudence.

It has been a basic principle or rule of our jurisprudence that the testimony of a husband against his wife, or of a wife against her husband, is not admissible in court. There have been very sound reasons of public policy why such a rule should prevail. After all, to compel a husband or a wife to testify in violation of the sanctity of the home, would be quite contrary to principles of our jurisprudence that have been recognized for many years. However, through necessity, from time to time inroads have been made into this principle.

This bill seeks to amend that part of the Canada Evidence Act which provides that, in relation to offences against certain sections of the Criminal Code, the husband may be a compellable witness against the wife, or the wife against the husband. In crimes of an indecent nature and other sex offences, a husband or wife should properly be permitted to testify against the other party to the marriage.

Section 33 of Chapter 46 of the Statutes of Canada, 1929, sets out the following provision of the Juvenile Delinquents Act:

(1) Any person, whether the parent or guardian of the child or not, who, knowingly or wilfully, (a) aids, causes, abets or connives at the commission by a child of a delinquency; or (b) does any act producing, promoting, or contributing to a child's being or becoming a juvenile delinquent or likely to make any child a juvenile delinquent:
shall be liable on summary conviction before a Juvenile Court or a magistrate to a fine not exceeding five hundred dollars or to imprisonment for a period not exceeding two years or to both fine and imprisonment.
(2) Any person who, being the parent or guardian of the child and being able to do so, knowingly neglects to do that which would directly tend to prevent said child being or becoming a juvenile delinquent . . .

Not long ago an Ontario magistrate suggested that in the case of an offence under this section there should be the same exception to the general rule as applies to the enumerated sections of the Criminal Code; and, after investigation, the Attorney General of Ontario made a recommendation along this line to the Minister of Justice, so this bill comes here with the joint recommendation of the Attorney General of Ontario and the Minister of Justice.

Hon. Mr. LEGER: If this bill is passed, will it cover all cases triable under the Juvenile Delinquents Act?

Hon. Mr. FARRIS: I so read it. It provides that:

The wife or husband of a person charged with an offence against the Juvenile Delinquents Act . . . shall be a competent and compellable witness for the prosecution without the consent of the person charged.

Hon. Mr. LEGER: The bill uses the word "against." Does that mean under the act?

Hon. Mr. FARRIS: Yes. This evidence would be admissible only in those cases in which the husband or wife is charged with an offence.

Hon. Mr. LEGER: I know that.

Hon. Mr. FARRIS: This provision would not apply if anyone else were charged with the offence. I take it that these words mean what they say.

In any case where:

The wife or husband of a person charged with an offence against the Juvenile Delinquents Act or with an offence against any of the sections two hundred and two—

and so forth,

—of the Criminal Code, shall be a competent and compellable witness for the prosecution without the consent of the person charged.

Hon. Mr. LEGER: So that would cover cases under the Criminal Code, quasi criminal cases under the provincial act and under municipal bylaws and ordinances.

Hon. Mr. FARRIS: No. This only applies to the Juvenile Delinquents Act. So far as I can see, I have read the essential provisions of that act.

The act is chapter 48 of the Statutes of 1929, and its title is "The Juvenile Delinquents Act, 1929." I think that answers my honourable friend's question.

Hon. Mr. LEGER: I am sorry, but I am not yet clear about the matter. If the bill means what I think it means, I should oppose it, but if it means just the opposite of that, I have no objection. The explanatory note says:

The purpose of this amendment is to make the wife or husband a competent and compellable witness for the prosecution in a charge against the other under the Juvenile Delinquents Act, chapter 46 of the statutes of 1929.

You will note it says: "under the Juvenile Delinquents Act", not, as the amendment reads, "against the Juvenile Delinquents Act". The use of the different words causes me to be confused.

Hon. Mr. FARRIS: I point out to my honourable friend that the word "against" has been in the subsection a long time. I have no doubt that on several occasions he has voted in support of amendments that have extended the provisions of this subsection.

Hon. Mr. LEGER: In answer to that, I may say that I have not voted at all in favour of any such amendment. I had occasion to vote on an amendment in 1938, but I voted against it.

Hon. Mr. FARRIS: The subsection which the bill would amend reads at present as follows:

The wife or husband of a person charged with an offence against any of the sections . . .

Then a number of sections of the Criminal Code are enumerated.

shall be a competent and compellable witness for the prosecution without the consent of the person charged.

The amendment adopts the exact language that has been in this subsection ever since its first enactment. All that the amendment does is to extend the provisions of the subsection to a person charged with an offence against the Juvenile Delinquents Act. It may be that "under" would have been a better word, but "against" has served the purpose

for many years and I do not think that in this context there is much difference between the meaning of the words.

Hon. Mr. VIEN: The honourable senator might perhaps explain why the explanatory note indicates that the purport of the bill is exclusively linked up with the Juvenile Delinquents Act, whereas the text of the bill applies to offences against any of the enumerated sections of the Criminal Code.

Hon. Mr. ASELTINE: That is the law now.

Hon. Mr. VIEN: Aside from the recommendations of the Minister of Justice and various attorneys general, is there any good reason to be advanced for this amendment?

Hon. Mr. FARRIS: I thought I made that plain. The reason for the amendment is simply this: where, say, a husband, because of drinking and not looking after his family, is contributing to the delinquency of a child, it may well be that his wife is the only person who can testify against him. It has long been felt that if it were not for this subsection 2 of section 4 of the Canada Evidence Act, under which a wife can testify against her husband or a husband against his wife when one of them is charged with an offence against any of the sections of the Criminal Code set out in the subsection, there would be no way of getting a conviction. Experience has suggested that the subsection should be extended to apply to the wife or husband of a person charged with an offence against the Juvenile Delinquents Act.

I have read over the various sections of the Criminal Code that for many years have been enumerated in this subsection, and I think there is far more reason for the inclusion of this amendment than for the inclusion of some of those sections. For instance, one of the sections deals with vagrancy. Well, if I had been here when there was brought before the house a bill to make vagrancy one of the offences as to which a wife could testify against her husband, I should have been inclined to vote against it, because that does not seem to me to be a kind of offence that should be excepted from the general rule.

Hon. JOHN T. HAIG: Honourable senators, I read this bill over carefully the other day and I have had difficulty with it. To be quite candid, I never like any amendment that makes it possible for a husband and wife to testify against each other.

Hon. Mr. FARRIS: I agree with you.

Hon. Mr. HAIG: I feel that way because, whether we admit it or not, the relationship between a husband and wife is a spiritual one. My experience on a famous committee of the Senate—a committee of which no one wishes to be a member, but on which somebody must serve—has made me very uneasy about anything that might tend to break up a home. I admit that great weight should be given to the recommendation of the Attorney General of Canada and that of the Attorney General of Ontario. I happen to know both these gentlemen, as probably we all do, and I am aware that they are high-minded, public-spirited citizens of the very best type. Yet, despite their recommendations, I think that we have the responsibility of carefully considering whether the amendment might not in some instances lead to the breaking up of homes. Those of us who have lived a fairly long life, with children in the family, know that many touchy domestic situations can arise.

I have deep respect for the honourable senator who moved second reading of the bill, and I will not oppose the motion; but I think that if the motion carries the bill should be sent to committee, and that the Attorney General of Canada, who is the Minister of Justice, should be there to tell us of all the implications of the amendment. I have some doubts about it, as I said at the outset, and I do not want to make a mistake. If we were not satisfied with the minister's explanation in committee, I would request that the Attorney General of Ontario be invited to appear and discuss the matter with us. On this condition I am willing to vote for second reading.

Hon. Mr. FARRIS: I do not know whether I am out of order in speaking again, but by way of explanation I wish to say that my feelings about the amendment were just like those of my honourable friend. Last week when it was suggested that I move second reading I declined, as I wanted to look into the matter. I would suggest that my honourable friend read the various sections of the Criminal Code that are at present enumerated in the subsection, and maybe then he will decide that it would be better to strike out some of those than to reject this proposed amendment. It seems to me that the inclusion of some of the sections offends against the principle for which we stand.

Hon. Mr. LEGER: Honourable senators, the principle referred to by the honourable gentleman from Vancouver South (Hon. Mr. Farris) is stated as follows in *Phipson on Evidence*, 7th edition, page 205:

> No husband shall be compellable to disclose any communication made to him by his wife during the marriage, and no wife shall be compellable to disclose any communication made to her by her husband during the marriage.

The protection has been considered requisite in order to ensure that unlimited confidence between husband and wife upon which the happiness of the married state and the peace of families depend.

As my honourable friend on the other side has well said, that principle has been changed in some instances, such as gross indecency, seduction, vagrancy, neglect to provide the necessities of life, abandonment of children of tender age, rape, bigamy, abduction. Further, in 1938, it was extended to theft by the husband from the wife, or *vice versa,* when living separate and apart. I remember very well that when the bill to add the charge of theft came before this house it was rigidly opposed by the late Senator McMeans. I think the honourable senator from Rosetown (Hon. Mr. Aseltine) spoke against it when it was introduced in committee of the whole house.

If I understand the bill correctly, it means that we are now asked to add to the nine exceptions already provided for, all other offences triable under the Juvenile Delinquents Act, which comprise offences provided for under federal statutes, provincial statutes and municipal by-laws and ordnances. If that is the correct interpretation of the bill, I am strongly opposed to it. Firstly, I am opposed to it because it makes an exception against husband and wife under the age provided by the Juvenile Delinquents Act—I think it is eighteen years. I see no reason why we should make such exception. Secondly, it does not respect the principle to which my learned friend has alluded, and which I read from *Phipson* on Evidence, namely, that it is conducive to the destruction of the home. For those reasons I am opposed to the bill.

Hon. Mr. HOWARD: Question.

Hon. THOMAS VIEN: Honourable senators, I share the views expressed by the leader opposite (Hon. Mr. Haig) and the honourable senator who has just taken his seat (Hon. Mr. Leger). I am pleased that the honourable senator from Vancouver South (Hon. Mr. Farris) has expressed similar misgivings with respect to applying the principle of this bill to the many sections of the Criminal Code set out.

This bill, which was introduced only on May 5, should stand for a time before we are called upon to express an opinion as to the principle involved. If we adjourned the debate for a week or so, there would be ample time for further consideration. We may find upon investigation that we could not only discuss the principle involved at greater length but could even exclude some of the many sections of the Criminal Code set out in the bill. Therefore, I move the adjournment of the debate.

The motion of Hon. Mr. Vien was agreed to, and the debate was adjourned.

PRIVATE BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Miscellaneous Private Bills to Bill V-7, an Act to incorporate the Canadian Legion of the British Empire Service League.

Hon. A. K. HUGESSEN: Honourable senators, I move concurrence in the report of the committee.

The amendments, which appear on pages 319 and 320 of today's Minutes of Proceedings, are not very important. They were carefully considered by the Standing Committee on Miscellaneous Private Bills, and were concurred in by the Parliamentary Counsel.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Right Hon. Mr. MACKENZIE: Now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill V-9, an Act for the relief of Joseph Chiarella.

Bill W-9, an Act for the relief of Merle Allene Dalton.

Bill X-9, an Act for the relief of George Nestor Cloutier.

Bill Y-9, an Act for the relief of Rufina Olga Soltysik Leshchynski.

Bill Z-9, an Act for the relief of Rhea Lillian Appel Ostroff.

Bill A-10, an Act for the relief of Alice Elizabeth Tucker Shaw.

Bill B-10, an Act for the relief of Libby Raikles Lerner.

Bill C-10, an Act for the relief of Beatrice Catherine McCabe Sowerby.

Bill D-10, an Act for the relief of John Morrell.

Bill E-10, an Act for the relief of Lily White Borgan.

Bill F-10, an Act for the relief of James Donald Bacon.

Bill G-10, an Act for the relief of Laurel Gwendolyn Wilband Walsh.

Bill H-10, an Act for the relief of Lillian Eileen Rendle Nadler.

Bill I-10, an Act for the relief of Claire Alice Tucker Vincent.

Bill J-10, an Act for the relief of Audrey Beryl Fryer.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

BUSINESS OF THE SENATE

Right Hon. Mr. MACKENZIE: Honourable senators, perhaps the leader opposite should ask this question, but I should like to know what business is to come before the house tomorrow?

Hon. Mr. COPP: The two debates which have been adjourned tonight will be proceeded with, and whatever other orders are on the Order Paper will be considered.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 11, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

A message was received from the House of Commons with Bill 211, an Act to amend the Royal Canadian Mounted Police Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORTS—REPORT OF COMMITTEE

Hon. Mr. WHITE presented and moved concurrence in the second report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in this report?

Some Hon. SENATORS: Carried.

The motion was agreed to.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mrs. WILSON presented the report of the Standing Committee on Immigration and Labour on Bill 203, an Act to amend the Unemployment Insurance Act, 1940.

She said: Honourable senators, your committee have, in obedience to the order of reference of May 3, 1948, examined the said bill, and now beg to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill K-10, an Act for the relief of Aldoria Rodier dit St. Martin.

Bill L-10, an Act for the relief of Marguerite Pichette Sanzone.

Bill M-10, an Act for the relief of Frederick Edward Sherman.

Bill N-10, an Act for the relief of Joseph Leopold Joffre Viau.

Bill O-10, an Act for the relief of Olga Timofy Ewaschuk.

Bill P-10, an Act for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.

Bill Q-10, an Act for the relief of William Francis Dunphy.

Bill R-10, an Act for the relief of Alice Hoare Dubeau.

Bill S-10, an Act for the relief of Jennie Leibovitch Margolese.

Bill T-10, an Act for the relief of Hugh Cyril Harvey.

Bill U-10, an Act for the relief of Barbara Yuile.

Bill V-10, an Act for the relief of Violet Mae Ruth Johnson Menaker.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

THE LATE SENATOR JOHNSTON

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, I regret very much that it is my responsibility to officially inform this house of the death of one of our esteemed colleagues, Honourable John Frederick Johnston, the representative from Central Saskatchewan.

Senator Johnston was born of Scottish ancestry on July 16, 1876, at Bogart Town, county of York, Ontario. His father was a farmer in York and Simcoe counties, and operated flour and lumber mills in those areas. Senator Johnston was educated at Stayner and Toronto, and in 1908 he married Ida Coleman of Bladworth, Saskatchewan. Throughout his career he was interested in farming, and specialized in the raising of pure-bred livestock.

In 1914 Senator Johnston was nominated as Liberal candidate in Last Mountain constitu-

ency, Saskatchewan, and in 1917 was elected to the House of Commons, to which he was re-elected in 1921, 1925, and 1926. In December of 1926 he became Deputy Speaker of the House of Commons. In 1930 he was defeated in the general election, but was returned to office in 1935. In 1940 he was again defeated, and in 1943 was appointed to this chamber to represent Central Saskatchewan. He passed away suddenly on May 8, 1948, at Regina.

Senator Johnston and I were both appointed to this house in the same year, and from that time on I had the privilege of enjoying his close friendship. I often availed myself of his good judgment, which was formed from a wide knowledge of public affairs, and I respected his many sterling qualities. On my own behalf, and that of other honourable senators who may not have an opportunity to do so personally, I extend to his widow and those who were closest to him, the very deepest sympathy.

Hon. W. M. ASELTINE: Honourable senators, the sudden passing of Senator Johnston of Central Saskatchewan was the cause of much grief and sorrow to those who sit on this side of the chamber. It is hard for us to realize that he was with us no longer ago than Thursday last, at which time he appeared to be in excellent health. Only last week I was talking to him about his plans for this year's farming operations. We were both very much concerned about the flood conditions which prevailed in his part of Saskatchewan, and in the section where I live, which is only some twenty-five or thiry miles away from his home in Bladworth. In the course of a very interesting talk he told me he was going to improve his livestock, and run the farm himself.

The honourable leader of the Senate has mentioned that Senator Johnston was one of the real old-timers, who came to Saskatchewan early in the present century. He was a homesteader, a wheat farmer and a cattle raiser of distinction. He was a politician to boot. He had a sincere love for his province—I say "his province", for although he was not born in Saskatchewan he lived there so many years that we always spoke of him as a native. I had heard of Senator Johnston for twenty-five years or more before I met him. Since his appointment to this chamber I got to know him very well indeed, and came to learn of his many excellent qualities.

In his political career Senator Johnston was an active Liberal. He had a sincere hatred for Socialists. He did not love the Conservatives any too well, either, but he considered them to be a lesser evil. From many a platform, when he was campaigning for re-election to the House of Commons, he would tell his audience that if they were unable to vote for him he hoped they would vote for the Conservative candidate, and in no case for the Socialist.

Although he was not physically robust, our late colleague was a curler of note. Even as late as last winter, in one of the Ottawa curling rinks, he curled three games for me, two of which we succeeded in winning.

I am sorry indeed that Senator Johnston will not be with us any longer. It is only within the last four or five years, since his appointment to the Senate, that I came to appreciate fully his fine character and unusual ability. We on this side of the house join with all other members of the Senate in expressing our deepest sympathy to his widow and family.

Hon. T. A. CRERAR: Honourable senators, I should like to join those who have preceded me in paying tribute to our late colleague. It is more than thirty years since I first met Senator Johnston. During that period I knew him well and enjoyed what to me was a very fine friendship. His colleague from Saskatchewan (Hon. Mr. Aseltine) has already stated that the late senator was one of the early pioneers in that province. He went to the prairie country in the early days of its development, and experienced all the ups and downs associated with agricultural activities there. As a good citizen, he took his part in the local life of his community and in the broader field of public affairs.

It seems to me that no finer tribute can be paid to a man than to say that he recognized and discharged his public duties and responsibilities. After all, our so-called democratic form of government rests largely upon that basis. The late Senator Johnston was one of those who at all times possess a sense of responsibility in the public affairs of their province and of Canada generally. He was a fine citizen, unassuming and not pushing himself into the limelight, but doing his duty day by day as the tasks came to him. His passing is a loss to this house.

I join with the speakers who have preceded me in extending to his widow and those closely associated with him our heartfelt sympathy at his untimely passing.

DOMINION BUREAU OF STATISTICS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill T-9, an Act respecting the Dominion Bureau of Statistics.

He said: Honourable senators, the purpose of this bill is to revoke the present Statistics Act, under which the Dominion Bureau of

Statistics operates, and to replace it with an up-to-date statute which will more adequately describe the present functions of the bureau and the statutory authority under which it operates.

Since the Statistics Act was passed in 1918 only infrequent and minor amendments have been made. During this time the work of the Dominion Bureau of Statistics has grown considerably; its methods have gained in efficiency until today it is generally recognized as one of the foremost statistical units in the world.

Originally the bureau was a central statistical unit acting for all government departments, so that the demands for statistics from industry and from the government could be dealt with in a co-ordinated manner and be secured without duplication of effort. This original conception has stood the test of time.

During the past thirty years the need for statistics has grown by leaps and bounds. Modern industry depends more and more on accurate statistical information; the larger responsibility of governments in social and economic fields has made necessary the accumulation of a vast amount of new information; and there has been a growing demand for statistics on an international scale, as is evidenced by the work formerly done by the League of Nations and now done by the United Nations.

The staff of the bureau at present consists of approximately 1,200 persons. Detailed statistics on innumerable subjects are collected systematically and without duplication, and are made available both in publications of the bureau and in answers to specific requests. I think there will be general agreement that the service rendered by the Bureau of Statistics to public administration, industry, and the country generally, is of considerable importance and value.

The bureau now issues 434 regular publications and many special ones, which are in constant demand. For the period from April 16 to May 8 there were 2,467 requests for regular publications. In addition, about 500 inquiries are received each month for special tables. The bureau has more than 400 separate mailing and subscription lists for its publications. For example, the *Canadian Statistical Review* has 3,000 subscribers, and the number is steadily increasing; the *Wheat Review* has 2,000 subscribers; 11,000 copies of the *Canada Year Book* and 60,000 copies of the *Canada Handbook* are sold annually.

The amendments contained in this bill, which are numerous, are in many instances merely of a drafting nature, and could better be considered in committee. I shall therefore content myself with referring to only the more important ones.

The present act is defective in the following respect: first, it does not mention specifically many of the economic or social fields in which statistical information is now being obtained; second, no reference is made to a few fields in which essential information is not being obtained; and third, it does not contain authority for the use of new statistical techniques, such as sampling.

Some of the remedies proposed by this bill are: in Section 2, a change in definition to give the bureau authority which it does not specifically have at present to collect statistics relating to road and air transport: in Section 4, a clearer definition of the duties of the Dominion Statistician; and in Section 20, provision for the expansion of the authority to make a census of industry which will include other censuses, such as those of construction and trading establishments.

A word may also be said about Section 8, which gives authority for the use of sampling techniques. In many cases it is possible without loss of accuracy, and with a saving of effort, to secure statistics by taking a small representative sample rather than a complete enumeration. Under the present section a person could plead that he was being discriminated against if he were asked questions which were not asked of all others in the same trade or industry. It is to prevent such an objection that the subsection 2 is added.

In conclusion I may say that the general effect of the bill will be to lighten the burden of those who are asked to fill out questionnaire forms for the bureau, and to increase the efficiency with which the demand for statistics can be filled.

Hon. JOHN T. HAIG: I have read the bill very carefully, and I think it is along the right lines. To show how accurate sampling can be, let me give one example which occurred many years ago, and which impressed me very much. In 1927 there was a provincial election in Manitoba. There is a system known as the advance poll, which operates three or four days before election day. If, for instance, the elections were on a Monday, the advance poll would take place on Thursday, Friday and Saturday of the previous week. The ballots cast in that poll are not counted until after the polls close on election day. In 1927, however, the returning officer made a mistake and announced the

result of the advance poll the night before the elections. Those who voted did not include every class, but were persons in various occupations, whose business took them out of the city. About 3,000 people so voted. The following week about 80,000 ballots were cast, and the top ten candidates on the advance poll were those who were finally elected. The only difference between the results of the two polls was in the order of the last three candidates. As a candidate on that occasion I was interested in the result of the advance poll and, of course, very pleased with it.

In reading the bill I was astonished to learn that statutory provision for sampling had not been made long ago. I assume that I cannot refer to what took place in committee, but I can illustrate what I want to say and still be within the rules. I should like the bureau to undertake for me a duty which I think should be performed. I want to know how many bank clerks are subject to the Unemployment Insurance Act, how much they earn each year, and how much they contribute to the fund. I should like to have similar information about law students, lawyers, automobile workers and all other vocational workers under the categories of the act. Under this bill the bureau can supply this information; and the reason I ask for it here is that I have failed to get it elsewhere. Certain reasons were given for withholding it. I may say that the young man who addressed us in committee comes from my part of the country, and I believe he is very capable. We can get figures on almost everything else we want; I want that information, and I think the bureau has the right to furnish it. These facts can and should be obtained before the next session, so that we may know how the act affects various classes of workers. My other question on the same subject is; What is the cost of the management of the unemployment insurance scheme in relation to the amount of business handled?

Hon. Mr. QUINN: The cost of administration?

Hon. Mr. HAIG: Yes, the cost of administration; and how much of that cost is actually chargeable to insurance and how much to the employment service. I think the Bureau of Statistics should get those figures for us. The question is not a political one, the date can easily be obtained, and I am persuaded that there is no legal reason, under this bill, why it should be withheld.

Hon. A. K. HUGESSEN: I have only a word or two to say about this bill. It is an expression of appreciation of the extremely valuable services which the Dominion Statistician and his colleagues perform for this country. I am sure that my experience is that of most if not all honourable senators. When preparing material in connection with almost any matter in the whole field of the Dominion Government, and being in need of certain figures or statistics, all one has to do is to telephone to the Dominion Statistician, who before long produces the information required. I think this is the occasion on which one should pay public tribute not only to the work of the department but to the Dominion Statistician and his extremely able staff.

There is one small matter of detail which I should like to have elucidated if the bill goes to committee, as I assume it will. Section 26 requires monthly returns by traffic carriers and public utilities. Under present conditions public services have to make so many tax and other returns to dominion and provincial authorities that I wonder whether it is necessary from the point of view of the Dominion Statistician to require a monthly return from every public utility and traffic company in the country. If that is unnecessary, I suggest that it is making just that much extra work.

Hon. Mr. HAIG: Will the honourable gentleman answer a question?

Hon. Mr. HUGESSEN: Certainly.

Hon. Mr. HAIG: Have not most of the returns likely to be required already been prepared by these organizations for their own use?

Hon. Mr. HUGESSEN: That may be so. I am simply raising the matter as a question on which I should like the Dominion Statistician to enlighten us when the bill goes to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA EVIDENCE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Copp for the second reading of Bill U-9, an Act to amend the Canada Evidence Act.

Hon. THOMAS VIEN: Honourable senators, I think that what can be said about this bill was fully stated last night by the hon-

ourable senator from Vancouver South (Hon. Mr. Farris), the honourable the leader of the opposition (Hon. Mr. Haig), and the honourable senator from L'Acadia (Hon. Mr. Leger). We all have some misgivings as to the advisability of extending the provisions of certain sections of the Criminal Code to the Juvenile Delinquents Act. I think the best way of dealing with this matter would be to accept the second reading on the understanding that the government would have the bill referred to the Banking and Commerce Committee, where we can go into it a little more fully. I would then be willing to consent at this juncture to second reading.

Hon. Mr. ROBERTSON: I will give the required undertaking.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorow at 3 p.m.

THE SENATE

Wednesday, May 12, 1948

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

INDIAN ACT

REPORT OF COMMITTEE

Hon. Mr. TAYLOR: Honourable senators, I beg to lay on the table the third report of the Joint Committee of the Senate and House of Commons, on the Indian Act, as follows:

Your committee recommend that voting privileges for the purpose of dominion elections be granted to Indians on the same status as electors in urban centres.

BUSINESS OF THE SENATE

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with, for the information of this house may I attempt to give an outline of our future business.

I anticipate that if we continue our sittings until Friday of this week we shall finish the work that is now on the Order Paper and before committees, and also be able to deal with certain other measures that may come before us in the meantime. As honourable senators know, it has been announced that the budget will be brought down on Tuesday; and if, as is usual, it is the subject of prolonged debate in the other house, further measures are not likely to come to us from that house in the very near future. It is my present intention, therefore, barring unforeseen developments, to move on Friday that when the Senate adjourns that day it stand adjourned until Tuesday, the first of June. I am making this announcement now so that honourable members who live at a considerable distance from Ottawa and wish to return home for the adjournment may be able to reserve travelling accommodation. I hope that all honourable senators who will not be too greatly inconvenienced by remaining until Friday will do so.

Hon. WILLIAM DUFF: Honourable senators, I am sure we appreciate the desire of the leader of the government to carry on the business of the Senate and also to accommodate those who come here from distant points. I do not think we should have to stay until Friday to deal with the legislation on hand. As we have already voted money to pay the Civil Service up to the end of May, I cannot see why a supply bill is necessary before the 15th of June. However, if the government is convinced that further supply is necessary now, why does the leader not arrange to have a bill brought over here in time to be passed tomorrow? If there is a sitting on Friday I do not want to be absent, and lose $37.50 as a consequence. There is not enough business to keep us here beyond tomorrow. And let me add that in my opinion it has been a mistake to call us back here lately on Monday nights, when the Order Paper contained nothing urgent and we could have done just as much during the week if we had met on Tuesday.

I say that the least the leader of the government and his colleagues can do is to show a little more consideration for those whose homes are in the far ends of the country and who have to make railway reservations four days or a week in advance. Having understood that the Senate would adjourn Thursday, I made my reservation some days ago. As late as Monday, if I had known that there was to be a sitting on Friday, I could have made my reservation for a later day. If the government needs more money, my honourable friend should bring in a supply bill tomorrow, and we will pass it.

I intend to leave Ottawa tomorrow, even though I lose $37.50 by doing so. It is hard for me to take the loss—I do not know whether it is in the interests of Mackenzie King or of the government. I am a good Grit, and I say that if the government want to forget their best friends and run things that way, all right. The Senate will have to adjourn for another fortnight around June 15, while the budget is being discussed. Why put those of us who have been in parliament for ten, twenty or thirty years, to the expense of staying around Ottawa unnecessarily? Of course one who is young or just married can have a good time, but we old fellows—

Some Hon. SENATORS: Oh, oh!

Hon. Mr. DUFF: —who have borne the burden and heat of the day for many years, do not care for it. You, Mr. Speaker, came to Ottawa about the same time I did, after that battle in British Columbia in 1920. I should like to know what my friend from Parkdale (Hon. Mr. Murdock) does in Ottawa when the Senate is not sitting.

Hon. Mr. MURDOCK: May I point out that my honourable friend gets $6,000 a year for these inconveniences?

Hon. Mr. DUFF: My honourable friend is wrong when he says I get $6,000 a year.

Hon. Mr. MURDOCK: You would get it if you obeyed the rules.

Hon. Mr. DUFF: I do not know what rules my friend refers to.

Hon. Mr. ASELTINE: Order.

Hon. Mr. DUFF: Perhaps my friend wishes to show himself around Lansdowne Park every morning.

Some Hon. SENATORS: Order.

Hon. Mr. DUFF: I say in all seriousness that short adjournments are not fair to those of us who have to travel long distances to get here.

Hon. Mr. ROBERTSON: Honourable senators, may I say a word in answer to my friend from Lunenburg (Hon. Mr. Duff)? I have been criticized for being susceptible to his peculiar persuasiveness, and I may say to him now that if it were within my power to bring down the supply bill at an earlier date than Friday I should be pleased to do so. However, in accordance with the provisions of the constitution I can only ask the concurrence of the Senate when the bill comes before us.

I hope my honourable friend has not left the impression that I have failed to consider the interests of all concerned in the matter of adjournment. I am desirous that the supply bill should be passed—and I assure my friend that additional funds will be forthcoming before the date he mentions. But there is other legislation to come before us which should be disposed of at an early date, and I am sure it is the wish of honourable senators that all business should be disposed of, if possible, before we adjourn.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA—CANADA-U.S. AGREEMENT

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Robertson—That it is expedient that Parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, attached to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. Mr. ROBERTSON: Honourable senators, may I suggest that this order remain standing in the name of the honourable senator from De Lorimier (Hon. Mr. Vien). I have been advised that he is not anxious to proceed with it, but I should like to have it disposed of tomorrow. Should any honourable senator wish to speak on the motion, I hope that he will do so tomorrow before I close the debate with a short statement.

The Order stands.

CANADA SHIPPING BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Transport and Communications to Bill E-5, an Act to amend the Canada Shipping Act, 1934.

Hon. A. B. COPP: Honourable senators, I would move that the amendments be now concurred in.

Right Hon. Mr. MACKENZIE: May I ask the honourable senator from Westmorland (Hon. Mr. Copp) whether the committee that examined this bill unanimously agreed to the amendments?

Hon. Mr. COPP: There was some opposition in committee, but the matter was ironed out before the committee made its report to the Senate. I am now moving concurrence in the committee's amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. COPP: Now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved the second readings of the following bills:

Bill K-10, an Act for the relief of Aldoria Rodier dit St. Martin.

Bill L-10, an Act for the relief of Marguerite Pichette Sanzone.

Bill M-10, an Act for the relief of Frederick Edward Sherman.

Bill N-10, an Act for the relief of Joseph Leopold Joffre Viau.

Bill O-10, an Act for the relief of Olga Timofy Ewaschuk.

Bill P-10, an Act for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.

Bill Q-10, an Act for the relief of William Francis Dunphy.

Bill R-10, an Act for the relief of Alice Hoare Dubeau.

Bill S-10, an Act for the relief of Jennie Leibovitch Margolese.

Bill T-10, an Act for the relief of Hugh Cyril Harvey.

Bill U-10, an Act for the relief of Barbara Yuile.

Bill V-10, an Act for the relief of Violet Mae Ruth Johnson Menaker.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: With leave of the Senate, next sitting.

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 211, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, the main purpose of this bill is to establish a new contributory scheme of pensions for all members of the Royal Canadian Mounted Police. The details of this pension plan, in so far as is practicable in view of the special nature of the service, are similar to those of the civil service superannuation scheme. The existing pension plan for retired members of the force, other than officers, is non-contributory, being paid for entirely by the government, and there is a wholly contributory scheme for their dependents, to which the government contributes nothing. The effect of this bill is to bring the pension scheme of the Royal Canadian Mounted Police into line with the general practice under the Civil Service Superannuation Act, and to make the plan applicable to all ranks. Members of the force who are covered by the existing scheme have the option of continuing on the old basis or of switching to the new scheme, in which case their past contributions will be credited to them under the new system. The bill also makes applicable to members of the force, the provisions of the Pension Act which relate to disability or death of a member of the armed forces in peacetime.

In view of the technical nature of the bill, I shall not attempt a detailed explanation of provisions which might better be examined in committee after the Senate has approved the general principle and given the bill second reading. I may inform the house that I have arranged to have the Minister of Justice and officials of his department at tomorrow morning's meeting of the Standing Committee on Banking and Commerce in order to discuss the Canada Evidence Act. Inasmuch as these officials also have to do with the administration of the Royal Canadian Mounted Police, if this bill is now given second reading, I would move that it be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

COMMITTEE ON TRANSPORT AND COMMUNICATIONS

NOTICE OF MEETING

On the motion to adjourn:

Hon. Mr. COPP: Honourable senators, before the Senate adjourns, may I remind the members of the Standing Committee on Transport and Communications that this committee will meet immediately the Senate rises this afternoon. As the committee is to discuss an important bill, and a number of witnesses have come from far away to be heard, it is highly desirable that a quorum be present.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 13, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 126, an Act to amend the Pension Act.

The bill was read the first time.

SECOND READING POSTPONED

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. WISHART McL. ROBERTSON: Honourable senators. I should like to explain the circumstances as they relate to this bill, and be guided by the view of the house.

It is desirable that the bill get second reading this afternoon, but at the moment only a a few copies of it, as amended in the other place, are available for distribution. Of these one copy has been given to the honourable leader opposite (Hon. Mr. Haig) and one to the right honourable senator from Vancouver (Right Hon. Mr. Mackenzie), who is very much interested in the bill. I am advised that more copies will be available some time between now and 4 o'clock this afternoon.

Two courses of procedure are open to me: to explain the bill now, before the copies are distributed, or to ask the house to adjourn during pleasure when the business of the Order Paper has been disposed of. Which course is followed makes no particular difference to me, and I leave the decision to honourable members.

Hon. Mr. HAIG: Honourable members, I think I speak for this side of the house when I say that it would be preferable to adjourn during pleasure, in order that members may have an opportunity to read the bill before the explanation is made. I am quite satisfied to deal with it in that way.

Second reading stands.

RAILWAY BILL

REPORT OF COMMITTEE

Hon. Mr. COPP presented the report of the Standing Committee on Transport and Communications on Bill 201, an Act to amend the Railway Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 22, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA EVIDENCE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill U-9, an Act to amend the Canada Evidence Act.

He said: Honourable senators, the committee have examined this bill and now beg leave to report the same with the following amendment:

1. Page 1, line 19: After "against" insert "section thirty-three or section thirty-four of".

This amendment simply imports into the bill the actual sections of the Juvenile Delinquents Act which are intended to be covered.

Hon. Mr. HAIG: May I ask if the minister agreed to that amendment?

Hon. Mr. HUGESSEN: Oh, yes.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

DOMINION BUREAU OF STATISTICS BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill T-9, an Act respecting the Dominion Bureau of Statistics.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 11, 1948, examined the bill, and now beg to report the same with five amendments—none of them of any great

importance—dealing with penalties under those provisions which relate to offences under the act.

The amendments were then read by the Clerk Assistant, as follows:

1. Page 11, lines 17 and 18: Delete "and not less than fifty dollars".
2. Page 11, line 19: Delete "and not less than one month".
3. Page 11, lines 37 and 38. Delete "and not less than twenty dollars".
4. Page 11, line 39: Delete "and not less than one month".
5. Page 13, lines 3 and 4: Delete "but the Minister may authorize the payment of one half of any such fine to the prosecutor".

Hon. Mr. HAIG: Were these amendments unanimously agreed to?

Hon. Mr. HUGESSEN: Yes.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

ROYAL CANADIAN MOUNTED POLICE BILL

REPORT OF COMMITTEE

Hon. Mr. HUGESSEN presented the report of the Standing Committee on Banking and Commerce on Bill 211, an Act to amend the Royal Canadian Mounted Police Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 12, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REFUND OF PARLIAMENTARY FEES

Right Hon. IAN A. MACKENZIE moved:

That the parliamentary fees paid upon the Bill V-7, an Act to incorporate the Canadian Legion of the British Empire Service League, be refunded to the Canadian Legion of the British Empire Service League, less printing and translation costs.

He said: Honourable senators, I may say by way of explanation that the Canadian Legion of the British Empire Service League is purely a fraternal and philanthropic organization, which looks after the interests of veterans' widows and orphans. I believe that in such cases the refund of parliamentary fees is customary.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. HAIG presented the following bills:

Bill W-10, an Act for the relief of John Clayton Sturgeon.

Bill X-10, an Act for the relief of Alice Deborah Townsend Hawker.

Bill Y-10, an Act for the relief of Rae Bellam Baron.

Bill Z-10, an Act for the relief of David Ewing Jackson.

Bill A-11, an Act for the relief of Olive Turnidge Burns Turner.

Bill B-11, an Act for the relief of Dorothy June Wilson Weedmark.

Bill C-11, an Act for the relief of Kate Henny Wacker Prengel.

Bill D-11, an Act for the relief of Jeannette Racine Garneau.

Bill E-11, an Act for the relief of Gladys Gwendolyn Goode Buttress.

Bill F-11, an Act for the relief of Gladys Victoria Lewis White.

Bill G-11, an Act for the relief of Madge Reynard Lambton.

Bill H-11, an Act for the relief of Cornelia Barendrecht Nickel.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. HAIG: With leave of the Senate, I move the second reading now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. HAIG moved the third reading of the following bills:

Bill K-10, an Act for the relief of Aldoria Rodier dit St. Martin.

Bill L-10, an Act for the relief of Marguerite Pichette Sanzone.

Bill M-10, an Act for the relief of Frederick Edward Sherman.

Bill N-10, an Act for the relief of Joseph Leopold Joffre Viau.

Bill O-10, an Act for the relief of Olga Timofy Ewaschuk.

Bill P-10, an Act for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.

Bill Q-10, an Act for the relief of William Francis Dunphy.

Bill R-10, an Act for the relief of Alice Hoare Dubeau.

Bill S-10, an Act for the relief of Jennie Leibovitch Margolese.

Bill T-10, an Act for the relief of Hugh Cyril Harvey.

Bill U-10, an Act for the relief of Barbara Yuile.

Bill V-10, an Act for the relief of Violet Mae Ruth Johnson Menaker.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 299, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

The bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

PENSION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 126, an Act to amend the Pension Act.

He said: Honourable senators, the purpose of this bill is to authorize increases in the basic rates of pension for veterans and their dependents, and to make a number of amendments of an administrative nature. The new pension rates, set out in schedules A and B of the bill, represent an over-all increase of 25 per cent in the present basic rates. There is a substantial increase also—from the present limit of $750 a year to $1,400—in the maximum helplessness allowance to totally disabled veterans. The increase in basic rates will add about $18 million annually to the nation's pension bill, and the other amendments will involve an additional sum of about $660,000, so that the total cost of pensions will now be about $92 million a year.

The bill embodies most of the recommendations made by the Special Committee on Veterans Affairs in another place, which heard many witnesses and carefully examined the entire pension question. As a result, several long-standing causes of complaint about the effect of certain administrative procedures as to pensions have been corrected.

Right Hon. IAN MACKENZIE: Honourable senators, as one who for the last thirty years has had something to do with the evolution of a system of pension legislation for our ex-service men and women and their dependents, I may be pardoned if I endeavour briefly to analyse what I have no hesitation in referring to as the splendid work done this session in another place by the non-partisan Committee on Veterans Affairs. The manner in which the various committees and both houses of parliament have handled all the perplexing and baffling questions associated with veterans pensions since 1919 has been a wonderful evidence of complete political neutrality. I never heard a political consideration introduced in any of the committees on which I served. I should like in a completely non-partisan way to pay my respects to the honourable and gallant gentleman who is now Minister of Veterans Affairs, for the way in which he met the requests of veterans' organizations throughout Canada. It is true, as we know, that they were not wholly met, but I think the results were substantially satisfactory to the great majority of those who represented the rank and file of veterans throughout Canada.

Honourable senators, if the honourable leader of the house will forgive me, I should like to supplement his brief outline of what Canada has done and is doing for her ex-service men. The main feature of this measure, and the one which affects the greatest number of people, is the over-all increase—the first since 1925—of 25 per cent in the basic rates payable under the Pension Act. As a general effect of this measure, all ranks up to and including that of captain will now be paid at the new basic rate, which is in excess of the rate now paid to captains and very near to that which is paid to those with the rank of major. For those who hold the rank of major or a higher rank, the basic scale remains unchanged; but if they have wives or children, the additional pension payable on that account will be at the increased rates.

The general effect of the changes will be seen from a table which I have before me. Perhaps I should read it. It is as follows:

	Present monthly rate	New monthly rate	Annual rate
Man	$75	$94	$1,128
Wife	25	31	372
First child	15	19	228
Second child	12	15	180
Third child	10	12	144
Additional children	10	12	144
Widow	60	75	900
Orphan First	30	38	456
Orphan Second	24	30	360
Orphan Third	20	24	288

Hon. Mr. HAIG: I do not wish to interrupt my friend, but that information is shown in the schedules to the bill.

Right Hon. Mr. MACKENZIE: That is true, but it is a good thing to have the table on *Hansard*. If my honourable friend has the same difficulty that I have in discovering the bills that come to this house, he will agree that it is preferable to have the information spread on the record. I wish presently to compare the Canadian rates of pension with those of the United States, so that our taxpayers will know what Canada is doing for those who served in her armed forces.

As an example of what these changes will mean, we might consider an average Canadian family consisting of a man, his wife and three children. A man who is in receipt of total disability pension receives, under the present Pensions Act, $137 per month; the new rates will give him a monthly income of $171, and this is entirely free of income tax. Within my memory that was not always the case; the benefit was restored in the year 1942.

The pensionable widow, who at present receives $60 per month, will henceforth receive $75 per month and, if she has any dependent children, will benefit further by the increase in the award on their behalf.

Under the new bill the rates for orphan children will be, per month, $38 for the first orphan, $30 for the second, and $24 for each subsequent one, instead of $30, $24 and $20 respectively, which are the present rates.

The present annual liability for all awards under the Pension Act, is $73,000,000. The immediate increase in annual liability to give effect to this 25 per cent advance is over $18,000,000, which raises the total expenditure to $91,000,000; and the ancillary allowances mentioned by my honourable leader raise this total to about $92,000,000.

All these benefits, honourable senators, are effective from October 1, 1947. It is hoped that the adjustment cheques will be mailed in June, and that the June pension cheques will be issued at the new rate.

Another very important provision of this bill is the addition to pension which is payable to pensioners who are totally disabled and helpless, and in need of attendance. Serious disability cases of this kind were eligible for consideration for a helplessness allowance, varying from a minimum of $250 per annum to a maximum of $750 per annum. This bill provides for a substantial increase, the minimum per annum award now being $480, and the maximum $1,400. This increase has been the result, largely, of a wonderfully effective appeal made by a delegation of ex-servicemen who appeared before the Veterans Affairs Committee. The estimated immediate increase in annual liability to give effect to this amendment alone is $350,000.

A further amendment of material benefit has been made to this section. The present act provides that in the cases of captains, majors and lieutenant-colonels the award of helplessness allowance shall be on a decreasing scale. In other words, these officers have been penalized for seniority. The new bill removes this discrimination, and helplessness allowance will be paid to eligible cases on the same basis, irrespective of rank. The estimated immediate increase in annual liability to effect this change is $25,000.

Honourable senators, another important feature of the bill is the advancement of the marriage deadline from May 1, 1944, to May 1, 1948. This applies only to world war pensioners. The effect of this change is that the pensioner, if the marriage has taken place during the four intervening years, but prior to May 1, 1948, is now entitled to an additional pension on behalf of his wife and children. Honourable senators will remember that the first deadline was introduced on May 1, 1933, and remained in effect until May 1, 1944, at which time the present deadline was set. The estimated immediate increase in annual liability to give effect to this change is $60,220.

Honourable senators, another amendment which confers an increase is to be found in section 12 of the bill. It will be remembered, perhaps, that in the past, when a member of the forces died, leaving a widow and children entitled to pension, and, in addition, a parent or parents, the amount which could be paid on behalf of each parent was limited to $180 per year. In 1944 this amount was increased to $360, and the bill now before the house provides for an increase to an amount not exceeding $480 per annum.

Anyone who is familiar with Canadian pension legislation will remember the arguments advanced for many years in veteran circles and before parliamentary committees about the application of the term "wilfully concealed", which has been in the Pension Act ever since the original statute of 1919. This term was inserted with the intention of ensuring that a member of the forces who had served in a theatre of actual war, and who on enlistment had wilfully concealed a pre-enlistment condition, would be entitled to pension for the degree of aggravation only. This bill provides for the deletion of the words "wilfully and deliberately concealed" from section 11 (1) (c) of the act.

Two other types of cases are provided for in the same section of the act. If the condition was "obvious" on enlistment, or was "recorded on medical examination prior to enlistment", pension may only be awarded for the extent of the degree of aggravation for those who served in a theatre of war. A new definition has been introduced into section 2 of the act, to clearly define the term "recorded on medical examination prior to enlistment".

Another important amendment, although it affects few cases, will be found in section 13 of the bill, which makes provision for the dependents of veterans who served in Canadian contingents in the South African war. At the present time the commission is empowered only to supplement an award from the British ministry on account of death. In some cases the ministry regulations do not permit of an award to the dependent, even though a disability award had been paid during the lifetime of the pensioner. The amendment provides that the dependents of a pensioned member of a Canadian contingent which served in South Africa shall be placed in exactly the same position as are the dependents of all Canadians who served during World War I and World War II with the forces of His Majesty or His Majesty's allies.

There are a few amendments of an administrative and procedural character which result from recommendations by the commission, and which will remove administrative and other difficulties that have been encountered during the past few years.

Section 4 of the bill provides for an increase in the salaries of the Chairman, the Deputy Chairman, and the Commissioners. All told, honourable senators, it may be said that the changes resulting from these amendments to the Pension Act will be very beneficial. The amendments arise from the deliberations of a Special Committee on Veterans Affairs which heard proposals from national organizations of ex-service men and the Canadian Pension Commission.

Honourable senators, I have before me a table showing the rates of pension paid by Canada and by the United States of America, and I think that for purposes of reference it would be well to have it placed on record. With permission of the house I will hand these figures to *Hansard,* unless honourable members desire me to read them.

Hon. Mr. COPP: Just hand them in.

Right Hon. Mr. MACKENZIE: They are taken from official records, and I vouch for their authenticity. It will be observed from the figures that although the United States pension for a single pensioner or a married pensioner without children is higher than the Canadian pension, our scale for veterans with children is much higher than the American.

(*See Appendix at end of today's report.*)

Honourable senators, may I conclude, as I commenced, by voicing grateful appreciation to the honourable members of another place who by their splendid service on the special committee have done a great work for Canada. The task has not yet been concluded, but we must realize that the costs are going up; and, after all, no matter how kind of heart we may be, for a population of about 12,000,000 a pension bill of $91,000,000, along with the other social obligations, is a fairly heavy load to carry. But I do not think the cost is too high. I do not believe that anything we can do here is too great, too comprehensive or too sincere for the 1,150,000 grand men who, through the lean and dark days of war, served Canada in the cause of freedom, civilization and christianity.

Hon. G. V. WHITE: Honourable senators, I do not rise for the purpose of delaying in any way the passage of this very important measure. I simply wish to associate myself with my right honourable friend from Vancouver (Right Hon. Mr. Mackenzie) in paying tribute to the splendid work accomplished by the Committee on Veterans Affairs of the other place. It was my privilege to be present at several of the meetings of that committee, and I was impressed by the manner in which its members took hold of the work. I am sure that the veterans throughout Canada will have nothing but commendation for the splendid results which have been accomplished.

My right honourable friend has dealt most exhaustively with the increased benefits to ex-service men. I am sure that this legislation will please not only the veterans of World Wars I and II, but also the people of Canada,

who I know take a great interest in matters pertaining to veterans. The measure is of very material benefit not only to the men who served, but also to their families.

The motion was agreed to, and the bill was read the second time.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Tomorrow.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

BASIC ANNUAL PENSIONS

CANADA AND UNITED STATES

Based on 100 per cent

	Proposed new Canadian rates	U.S. rates W.W. II permanent disability and temporary
Pensioner, single	$1,128	$1,656
Pensioner, married ...	1,500	1,656
Married, one child....	1,728	1,656
Married, two children.	1,908	1,656
Married, three children	2,052	1,656
Married, four children.	2,196	1,656
Married, five children.	2,340	1,656
Married, six children..	2,488	1,656

Notes: The above U.S. rates apply only to service connected disabilities.

In non-service connected disabilities, no pension is paid in the United States for partial disabilities. The basic total disability rate for non-service connected disabilities is $720 annually, increased to $864 annually after ten years' continuous receipt or at age 65.

In Canada, the insurance principle applies, with service and non-service disabilities assessed in the same way at the same rates.

In both countries, pension is exempt from income tax.

WIDOWS AND DEPENDENT PENSIONS
CANADA AND UNITED STATES

Annual Rates

	Proposed new Canadian rates	U.S. rates death service connected	U.S. rates death not service connected
Widow	$ 900.00	$ 720.00	$ 504.00
Widow and 1 child ..	1,128.00	936.00	648.00
2 children	1,308.00	1,123.20	720.00
3 children	1,452.00	1,310.40	792.00
4 children	1,596.00	1,497.60	864.00
5 children	1,740.00	1,684.80	936.00
6 children	1,884.00	1,872.00	1,008.00
Each subsequent child	12.00	15.60	6.00

Notes: A means test applies in the United States in the case of non-service connected deaths. For the widow without children, annual income must not exceed $1,000. Where there is a child or children it must not exceed $2,500.

In U.S. non-service connected cases, it must be shown that the veteran at the time of death was in receipt of, or entitled to receive a pension of not less than 10 per cent.

ORPHAN PENSIONS
CANADA AND UNITED STATES

Annual Rates

	Proposed New Canadian rate	U.S. Rate service connected	U.S. Rate non-service connected
One child	$ 456.00	$ 360.00	$259.20
Two children..	816.00	547.20	388.80
Three children	1,104.00	691.20	518.40
Four children.	1,392.00	835.20	576.00
Five children.	1,680.00	979.20	633.60
Six children..	1,968.00	1,123.20	691.20
Each subsequent child	288.00	144.00	57.60

HELPLESSNESS ALLOWANCE
CANADA

The Canadian Pension Act recognizes that certain disabilities require additional care and attendance. Provision has been made, therefore, for an additional allowance at present with a maximum of $750 annually. It has been recommended by the parliamentary committee that this allowance be increased to $1,400. The table below is based on 100 per cent disability plus full helplessness, although administratively helplessness allowance is divided into four categories, ranging from full helplessness at $750 annually to a minimum of $250 annually.

	Proposed new pension plus proposed $1,400 allowance
Pensioner, single	$2,528
Pensioner, married	2,900
Married, one child	3,128
Married, two children	3,308
Married, three children	3,452
Married, four children	3,596
Married, five children	3,740
Married, six children	3,888

IN UNITED STATES

A comparison between Canadian and United States rates is not possible where the need for attendance is a factor, in that, in the United States the pensioner requiring attendance is removed from normal pension and placed in a special category. Helplessness allowance, as such, is not paid. Typical examples of United States disabilities in this more serious category are:

Disability	Total annual rate pensioner	Additional pension for dependents
Total deafness with total blindness	$4,320	None
Anatomical loss — Both eyes	3,816	None
Loss of two extremities —so near shoulder or hip as to prevent use of prosthetic appliances	3,816	None
Blindness, both eyes, where regular aid and attendance is required	3,384	None
Loss or loss of use of two extremities at level or with complications preventing natural elbow or knee action with prosthesis in place	3,384	None
Loss—both eyes	2,880	None
Loss or loss of use of both hands, both feet or one hand and one foot	2,880	None

THE SENATE

Friday, May 14, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

PRAIRIE FARM REHABILITATION BILL

FIRST READING

A message was received from the House of Commons with Bill 282, an Act to amend the Prairie Farm Rehabilitation Act.

The bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, I move second reading now. I have asked the honourable senator from Lethbridge to explain the bill.

Hon. W. A. BUCHANAN: Honourable senators, this is a very simple bill. It covers the appointment of Director of Rehabilitation under the Prairie Farm Rehabilitation Act. Mr. L. B. Thomson, a civil servant for many years, and latterly superintendent of the experimental station at Swift Current, was selected for the position of Director of Rehabilitation, and he required assurance that his superannuation rights be safeguarded. This bill is the result.

As stated in the explanatory notes:

With the act amended as proposed, appointments to the positions of Director of Rehabilitation and Associate Director of Rehabilitation can, with the approval of Treasury Board, come within the provisions of the Civil Service Superannuation Act.

While I am on my feet I should like to say something about Mr. Thomson himself, because operations under the Prairie Farm Rehabilitation Act have become very important to the agricultural communities in Western Canada and to the possible expansion of irrigation in all the western provinces, particularly Saskatchewan and Alberta.

Hon. Mr. HAIG: We in Manitoba do not need it.

Hon. Mr. BUCHANAN: Mr. Thomson succeeds a gentleman who gained distinction in the work he undertook as head of this organization. I refer to George Spence, a former member of the House of Commons and an ex-cabinet minister of Saskatchewan. Those who have followed the discussion in the other house will know that high tributes were paid to his work, even by those who differ with him politically. I have been closely in touch with operations under the act during his administration, and I join in the tributes paid to him. Mr. Spence had frequent contacts with all the governments of the prairie provinces, and by tact and good judgment he brought about the very best of relations between the provinces and the dominion in the operation of this legislation.

The vacancy in the position of director occurred through the appointment of Mr. Spence as one of the members of the Canadian section of the International Joint Commission. For this position I feel that he is eminently qualified, because the commission is to deal with the division of the waters of international streams in Canada, particularly in the prairie provinces, and no man knows more about those streams and the need for the protection of Canada's rights in that respect than Mr. Spence. As a Canadian member of the commission he will be sitting when hearings take place on a new application by the United States government for consideration of the question of the distribution of the waters of international streams.

Mr. Thomson, who succeeds Mr. Spence in the position of director, belongs to that type of civil servant who has made important contributions to agricultural research, farm management, and all other subjects within the purview of our agricultural farm service. My acquaintance with his work goes back to the time when he co-operated in establishing the experimental station, now commonly known as Manyberries Range Experimental Station, in what I call the largely desert country of southeastern Alberta. When I visited it some years ago I found it an oasis in a desert. The run-off water of the spring season was conserved in a reservoir and was later spread over a small area of land so that experiments could be made on range grasses. That is not the only reason for saying this

was an oasis in a desert. Around the buildings of this particular station, situated in what I say is largely desert country, were trees, flowers, shrubs, and green grass lawns. There had been a complete transformation. Mr. Thomson participated in the establishment of that station, and for that, if no other reason, I think I can say that he knows the importance of prairie farm rehabilitation work.

Honourable senators, this prairie farm rehabilitation work may not be carried out as quickly as some of us would like. It is bound to go on for years. At the present time it is being carried out in the prairie provinces, but in the future the system may be extended into other parts of the country. I am satisfied that Mr. Thomson, who is taking over this work, will capably and efficiently fill the shoes of his predecessor. I do not think there is anything more I need say.

Hon. Mr. FARRIS: Will the honourable senator explain how this measure brings Mr. Thomson within the civil service?

Hon. Mr. BUCHANAN: I understand, from the discussion in the other place, that this legislation brings Mr. Thomson under the provisions of the Civil Service Superannuation Act. The explanatory note reads as follows:

With the act amended as proposed, appointees to the positions of Director of Rehabilitation and Associate Director of Rehabilitation can, with the approval of Treasury Board, come within the provisions of the Civil Service Superannuation Act.

I am not in a position to add to the information given in the explanatory note, but I may say that in the discussion in the other house, the appointment of Mr. Thomson as Mr. Spence's successor was commended by representatives of all political groups, and particularly by those from Saskatchewan. Everyone agreed that no better choice could have been made.

Right Hon. IAN A. MACKENZIE: Honourable senators, I subscribe to every comment uttered by the honourable senator from Lethbridge (Hon. Mr. Buchanan) but I find considerable difficulty in reconciling the terms of this legislation with what I would describe as an attempt at an explanatory note. I read from the bill the following:

Section six of the Prairie Farm Rehabilitation Act, chapter twenty-three of the statutes of 1935, is repealed and the following substituted therefor:—

6. The minister may appoint a Director of Rehabilitation and an Associate Director of Rehabilitation, and such temporary technical and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this Act and the salaries and expenses of all persons appointed under this section shall be fixed by the Governor in Council.

Then I turn to the explanatory note and I read this:

Section 6 presently reads as follows:

"The minister may appoint such temporary technical, professional and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act and the salaries and expenses of such officers shall be fixed by the Governor in Council."

With the act amended as proposed, appointees to the positions of Director of Rehabilitation and Associate Director of Rehabilitation can, with the approval of Treasury Board, come within the provisions of the Civil Service Superannuation Act.

I humbly suggest that we should call the law officers of the Crown who drafted this measure and ask them if there is not, as there appears to be, a lack of agreement betwen the explanatory notes and the provisions of the bill. I say this not in a critical way at all, but simply because I think we are entitled to know whether in fact there is a discrepancy.

Hon. Mr. ROBERTSON: It is contemplated that specific reference to these two positions will make it possible for the appointees to continue holding, with the approval of the Treasury Board, the rights and privileges attaching to their present positions. Whether the phraseology of the bill is sufficiently clear for the purpose is a point on which I am not at the moment informed.

Right Hon. Mr. MACKENZIE: My humble opinion is that the explanatory notes and the bill as now worded are contradictory. I suggest that this house is entitled to have the law officers explain the exact legal implications of the bill.

Hon. JOHN T. HAIG: I find myself in a little difficulty on the point mentioned by the right honourable gentleman from Vancouver, and in order that there may be no doubt as to what the bill means I would suggest that after second reading the bill be referred to committee of the whole house. Then while the bill was under discussion the leader could have sitting in front of him for advisory purposes the deputy minister or a law officer of the Crown. Personally I think the measure is all right as it is, but it is our responsibility to make sure. Under the present act the government has power to fix the terms and conditions of employment of such temporary technical and other officers and employees as may be deemed necessary for carrying out the provisions of the act, and this amendment simply says that the government shall have the same power with respect to the Director and the Associate Director of Rehabilitation.

If I may say so—not in a frivolous way at all—Manitoba could lend Alberta and Saskatchewan a little water right now, if they happen to need any.

Hon. Mr. BUCHANAN: Alberta has plenty of its own.

Hon. Mr. HAIG: We in Manitoba are greatly interested in the work of the International Joint Waterways Commission, and I was delighted to hear that Mr. George Spence was to be appointed to that body. The Red River rises in Minnesota, a hundred miles or so south of our boundary, and if in that part of Minnesota there is a heavy snowfall, as there was this year, the flood waters pour into Manitoba in the early spring and cause us a great deal of trouble.

Saskatchewan and Alberta will really get the benefit of this legislation. From personal experience in Saskatchewan, I can say that by building ponds for conserving the springtime run-off of water the commission has done a really first-class job. It has been of great benefit to the West.

May I digress for a moment to say why I am in favour of this legislation. Where there is sufficient waterfall, the benefit of irrigation is very noticeable. I admit that such a scheme costs money, but one has only to travel through the district around Bassano and Lethbridge—particularly between Medicine Hat and Lethbridge—to appreciate the marvelous benefits resulting from it. Some miles east of Lethbridge there are areas which in dry years are just a desert; but where irrigation has been practised the land is so developed that it resembles the Garden of Eden. On my first trip through that area I was struck by the marked improvement by reason of irrigation. I am wholeheartedly in favour of this legislation.

The motion was agreed to, and the bill was read the second time.

OLEOMARGARINE

PROPOSED INQUIRY

On the Orders of the Day.

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with I should like to state my future intentions about a matter as to which I have had inquiries from several senators.

Honourable senators will recall that the right honourable senator from Vancouver (Right Hon. Mr. Mackenzie) stated that in his opinion the Senate should conduct a full inquiry into the various questions which had come up for discussion during debate on margarine. Such an inquiry was not practicable during the consideration of the Dairy Industry bill; but now that that issue has been voted on, I consider it my duty as leader of the government in the Senate to state that I am in agreement with the suggestion of the right honourable senator as to the desirability of such an inquiry. I believe that the public are entitled to know all the facts, and that members of parliament should have the fullest information possible to guide them in their future deliberations.

The consumers of Canada are gravely concerned about what many believe to be a denial of their right to obtain a cheap and wholesome food as a substitute for butter. The dairy farmers of Canada are also gravely concerned about any proposal which, in the opinion of many, would be distinctly harmful to their industry. I have studied the question from both angles as fully as I could, and as I stated in the debate, the best information I can get leads me to believe that because of the existing world shortage of fats and oils, from the effects of which Canada cannot isolate herself, the removal of the ban on margarine would in itself give little immediate relief to the consumer. Some honourable senators and many people in Canada do not agree with my conclusions. If I am wrong, the public are entitled to know in what respect I am wrong; if I am right, they are equally entitled to have the facts.

But, honourable senators, there are even wider reasons why there should be a public inquiry into the whole subject-matter. In due course normal conditions will return, and it is of the utmost importance that an attempt should be made to solve, in a constructive way, a problem about which there has been a wide difference of opinion for more than fifty years. There is a rapidly-mounting volume of public opinion which is opposed to all forms of protection, and those industries in Canada which have been built up behind protective walls should give serious heed to that viewpoint. Dairying—which is not the only industry concerned—should give heed to this fact, along with other industries, both primary and secondary. On the other hand, the consumer should realize that however unwise the protection afforded the dairy industry and certain forms of manufacturing in Canada was in its inception, precipitate action to remove all forms of protection, without corresponding advantages in export markets, might lead to a very violent dislocation of our economic system.

Careful consideration should be given to the proposal to establish a margarine industry in Canada, and the utilization by it of domestically produced edible oils. The question of

whether or not a future margarine industry and the domestic production of edible oils can be undertaken in normal times without tariff protection against foreign competition should be carefully considered, along with the effect that such an undertaking would have on the price of margarine to the consumer. The objective of the Senate should be to reconcile, if possible, the conflicting viewpoints of the various interests in Canada. I would hope that all interested parties would appear before a committee of inquiry and give it the benefit of their advice.

I have considered suggesting to the house that this inquiry take place during the present session, but I am of opinion that it is not practical to do so. The inquiry should be thorough. This would involve the calling of witnesses from all parts of Canada and the compilation of the necessary factual information. I do not believe that the time remaining at our disposal this session would be sufficient to make such an inquiry fully effective. The alternative is to hold an inquiry immediately after the opening of the next session of parliament. For these reasons, I now inform the house and all other interested parties that, as presently advised, at the opening of the next session of parliament I propose to move, in substance, as follows:

That the Standing Committee on Natural Resources be authorized and directed to inquire into the situation in Canada respecting supplies of fats and oils including:

(a) imports into the country from abroad;
(b) allocations of supplies made by the Fats and Oils Committee of the International Emergency Food Committee of FAO;
(c) the current production of supplies of these commodities within Canada;
(d) the facilities, resources and capacity of Canada to produce increased supplies of fats and oils; and
(e) what action should be taken to develop markets within and without Canada for fats and oils.

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

Hon. Mr. LACASSE: Beautifully wrapped and shelved.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. HAIG moved the third reading of the following bills:

Bill W-10, an Act for the relief of John Clayton Sturgeon.

Bill X-10, an Act for the relief of Alice Deborah Townsend Hawker.

Bill Y-10, an Act for the relief of Rae Bellam Baron.

Bill Z-10, an Act for the relief of David Ewing Jackson.

Bill A-11, an Act for the relief of Olive Turnidge Burns Turner.

Bill B-11, an Act for the relief of Dorothy June Wilson Weedmark.

Bill C-11, an Act for the relief of Kate Henny Wacker Prengel.

Bill D-11, an Act for the relief of Jeannette Racine Garneau.

Bill E-11, an Act for the relief of Gladys Gwendolyn Goode Buttress.

Bill F-11, an Act for the relief of Gladys Victoria Lewis White.

Bill G-11, an Act for the relief of Madge Reynard Lambton.

Bill H-11, an Act for the relief of Cornelia Barendrecht Nickel.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PENSION BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 126, an Act to amend the Pension Act.

The motion was agreed to, and the bill was read the third time, and passed.

TARIFFS AND TRADE

UNITED NATIONS CONFERENCE AT GENEVA
CANADA-U.S. AGREEMENT

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Robertson—That it is expedient that Parliament do approve the General Agreement on Tariffs and Trade, including the protocol of provisional application thereof, attached to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment held at Geneva from April 10 to October 30, 1947, together with the complementary agreement of October 30, 1947, between Canada and the United States of America; that the Senate do approve the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. Mr. VIEN: Honourable senators, the other day I proposed the adjournment of the debate on this motion. I now suggest that the debate be further adjourned until we meet again, and ask that I be allowed to make a brief statement.

Since these agreements were concluded at Geneva there has been a conference at Havana at which fifty-three nations were represented. I understand that they have come to a definite conclusion, and have

adopted what they call a charter, the effect of which is to amend in various minor particulars the agreement and the protocol which this parliament has been asked to ratify. I have tried to obtain a copy of the charter, but I am advised that it is not yet ready for distribution. My purpose in rising today is to ask the leader of the government if he will take steps to obtain the distribution of the charter adopted, which, I am told, has already been printed by order of the United Nations Organization. We should have it before we proceed with the discussion.

Hon. Mr. ROBERTSON: I assure my honourable friend that I shall be only too pleased to get any information which may be available. The reason I delayed further consideration of this matter was that I desired to be in a position to make a clear statement on the basis of material which was not then available to me. I am content that further discussion be deferred until after the adjournment.

The Order stands.

APPROPRIATION BILL NO. 3

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 299 an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

He said: Honourable senators, this bill, which is referred to as Appropriation Bill No. 3, 1947-48, is of a kind which is frequently presented for our consideration. It provides for temporary supply until the estimates have been considered and passed by parliament. Provision is made for interim supply—which comes before us every year from time to time during the session—of one-twelfth of the main estimates, and in certain special items where expenditure is concentrated in the early part of the year, of one-sixth. These special items are set out in the schedule appended to the bill. The amount of money involved in the grant of one-twelfth is $89,567,384.33, and in the grant of one-sixth, $17,982,745.67.

The grant of one-sixth covers, specifically, freight assistance on western feed grains, Senate and House of Commons expenses, the international trade fair to be held in Toronto beginning at the end of May, and the increases in pensions and war veterans' allowances approved this session. The sum total of these specific items amounts to $107,896,474, one-sixth of which is $17,982,745.67.

It is hardly necessary to add that the granting of these sums will not affect the right of any honourable senator to raise any question he sees fit when the general estimates come before us in due course.

Right Hon. Mr. MACKENZIE: Honourable senators, it is my recollection that in one of the Interim Supply Bills a year ago, not only were one-twelfth and one-sixth asked for in certain cases, but in very special cases parliament was asked to vote one-third. Are there any similar items contained in the legislation now before this house?

Hon. Mr. ROBERTSON: No, I think this is confined to the one-twelfth and one-sixth. My right honourable friend (Right Hon. Mr. Mackenzie) is quite right. I remember that on one occasion one-third was asked for because of some pressing financial need.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to delay the house at this time, because the honourable leader gave sufficient explanation when he spoke on the general motion.

I am sorry that there are not more members from Ontario and the Maritime Provinces in the house, because I should like to draw their attention to an item about which they questioned me a few days ago. I notice in the schedule to this bill the following item, "Freight assistance on Western Feed Grains". That is a misnomer, because the item is really intended to enable the farmers of Ontario and Quebec to buy western grain and to pay little, if any, freight on it. The proper description should be, "Freight Assistance to Eastern Feeders".

The total of almost $8 million is largely for the benefit of Ontario and Quebec. Manitoba, Saskatchewan and Alberta do not get a nickel of that money, nor do they get a cent more for their coarse grains. I would be pleased if that $7 million or $8 million were added to what the western farmers receive, but that money is to bolster the Ontario and Quebec farmers so that they can raise their hogs and fat cattle in competition with the West. They do not have to pay the freight rate to get their fatted hogs and cattle to market, whereas the western farmers do. I should like honourable senators from eastern Canada to note this very interesting provision. My honourable friend from Waterloo (Hon. Mr. Euler) the other day said that we got $30 million.

Hon. Mr. MURDOCK: If the honourable leader opposite (Hon. Mr. Haig) would move to amend that provision, I would second his motion.

Hon. Mr. HAIG: I do not want to hurt the feelings of my friends from Ontario and Quebec. Those poor chaps are so hard up that we in the western provinces cannot afford to be unkind to them, so we help them out all we can. I should not like it to be said that I accepted charity at the expense of children.

Hon. Mr. LAMBERT: Comments currently appearing in the press are to the effect that the ban on the shipment of cattle to the United States will be removed. If this were done it would help to offset the present position of western cattlemen and grain producers.

Hon. Mr. HAIG: No, because Ontario and Quebec would get the same benefit as the western provinces. The western provinces are not helped at all by this appropriation; they are just dead losers. The people of Canada pay $8 million a year to help the eastern provinces.

Hon. A. L. BEAUBIEN: It is more than $8 million.

Hon. Mr. HAIG: That is the total for the year; but only one-sixth comes under this bill.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

PRAIRIE FARM REHABILITATION BILL

THIRD READING

Hon. WISHART McL. ROBERTSON: Honourable senators, before moving third reading of this bill, I wish to say that the appropriate departmental official is on his way to the Senate. While we are waiting, perhaps I may read the explanation that has been handed to me.

Under the old section 6, the minister could appoint "such temporary technical, professional and other officers and employees . . ." but he had no power to appoint permanent civil servants. According to the Civil Service Act, a permanent civil servant is one in a position of "continuing indeterminate employment." Only permanent civil servants qualify for superannuation rights.

Therefore, under section 6, in order to appoint a civil servant who could keep his superannuation rights, power had to be given to appoint him to a permanent position. The effect of adding the words underlined, ". . . may appoint a Director of Rehabilitation, etc . . ." is to establish such a permanent position, and hence enable the appointee to keep his superannuation rights.

I leave it to the house to decide, whether that explanation is sufficient.

Hon. Mr. HAIG: I think it is, and I am satisfied.

Right Hon. Mr. MACKENZIE: That seems to me to be a reasonable explanation.

Hon. Mr. ROBERTSON: Then, with leave of the Senate, I would now move the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the appointment of auditors for National Railways.

An Act to amend the Animal Contagious Diseases Act.

An Act to amend the Export Credits Insurance Act.

An Act to amend the Export and Import Permits Act.

An Act to amend the War Service Grants Act, 1944.

An Act respecting the Provisional Fur Seal Agreement between Canada and the United States of America.

An Act to amend the Northwest Territories Act.

An Act to amend the Dominion Water Power Act.

An Act to amend the Vocational Training Coordination Act, 1942.

An Act to amend the Prairie Farm Assistance Act, 1939.

An Act to amend the Prisons and Reformatories Act.

An Act to amend the National Parks Act.

An Act to amend the Unemployment Insurance Act, 1940.

An Act respecting emergency payments to assist in meeting increased cost of production of gold.

An Act to amend the North Fraser Harbour Commissioners Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to amend the Railway Act.

An Act to amend the Pension Act.

An Act to amend the Prairie Farm Rehabilitation Act.

An Act to provide for the winding-up of the Penny Bank of Ontario and to repeal the Penny Bank Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 1, at 8 p.m.

5853—33½

THE SENATE

Tuesday, June 1, 1948.

The Senate met at 8 p.m. the Speaker in the Chair.

Prayers and routine proceedings.

CANADA SHIPPING BILL

COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons to return Bill E-5, an Act to amend the Canada Shipping Act, 1934, and to acquaint the Senate that they have passed said bill with several amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Tomorrow.

TREATIES OF PEACE BILL

FIRST READING

A message was received from the House of Commons with Bill 248, an Act to provide for carrying into effect the Treaties of Peace between Canada and Italy, Roumania, Hungary and Finland.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 280, an Act to amend the National Housing Act, 1944.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

MAIL CONTRACTS SUPPLEMENTAL PAYMENTS BILL

FIRST READING

A message was received from the House of Commons with Bill 313, an Act to amend the Mail Contracts Supplemental Payments Bill.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

MARITIME MARSHLAND REHABILITATION BILL

FIRST READING

A message was received from the House of Commons with Bill 328, an Act respecting the Reclamation and Development of Marshlands in Nova Scotia, New Brunswick and Prince Edward Island.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave, tomorrow.

VETERANS AFFAIRS

INQUIRY

Right Hon. Mr. MACKENZIE: Honourable senators, may I ask the honourable leader of the government (Hon. Mr. Robertson) if he will indicate what specific measures relating to rehabilitation, and other matters which have been discussed by the committee on Veterans Affairs in another place, will be referred to this house, and when he expects to be prepared to submit them here for consideration?

Hon. Mr. ROBERTSON: I am not in a position at this time to answer the question of my right honourable friend from Vancouver (Right Hon. Mr. Mackenzie), but I shall do so as soon as I can secure the necessary information.

Hon. Mr. HAIG: Honourable members, if I may be permitted, I would point out to the right honourable senator from Vancouver Centre (Right Hon. Mr. Mackenzie) that nothing will reach us from that committee until a bill based on the resolution is passed by the other house and sent over here. That is the procedure.

Right Hon. Mr. MACKENZIE: I am quite aware of that. But my honourable friend the leader of the opposition may not know that that committee is considering at least five measures concerning the rehabilitation of veterans. I ask the honourable leader of the government if he would at his convenience inform this house in what order those measures will come before the Senate for consideration.

LAND TITLES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill I-11, an Act to amend the Land Titles Act.

The bill was read the first time.

The Hon. the SPEAKER: Honourable senators when shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

CRIMINAL CODE (RACE MEETINGS) BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill J-11, an Act to amend the Criminal Code (race meetings).

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

Perhaps I may be permitted to add a word to my request for leave to have this bill and others placed on the Order Paper for second reading tomorrow. Some of them may not be printed and distributed tomorrow, in which event of course the motion for second reading would be postponed until they have been printed and distributed.

Right Hon. Mr. MACKENZIE: May I ask the honourable leader of the government for assurance that before these bills are disposed of we shall be given a full explanation of their contents?

Hon. Mr. ROBERTSON: I am happy to give my right honourable friend that assurance. We shall not proceed with the motion for second reading of any bill until it has been distributed, and an explanation of every bill will be made by myself or by an honourable senator whom I ask to assist me. If in any instance there is objection to second reading tomorrow, the motion will be postponed another day.

Right Hon. Mr. MACKENZIE: I object now, honourable senators, to the disposition by this house of any bill that I have not seen. As representative of my constituency I have a right to see every measure on which I am to pass judgment.

The Hon. the SPEAKER: I would remind the right honourable senator from Vancouver Centre (Right Hon. Mr. Mackenzie) that in the Senate a bill is read the first time immediately on its presentation. That practice is in accordance with our rule, and I see no reason why it should be departed from.

MANITOBA NATURAL RESOURCES BILL

FIRST READING

Hon. Mr. ROBERTSON presented bill K-11, an Act to amend the Manitoba Natural Resources Act.

The bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

BANKRUPTCY BILL

FIRST READING

Hon. Mr. ROBERTSON presented bill L-11, an Act respecting Bankruptcy.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

DAIRY INDUSTRY ACT

REFERENCE TO SUPREME COURT—NOTICE OF MOTION

Hon. W. D. EULER: Honourable senators, I desire to give notice that on Tuesday next I shall submit the following motion:

That in the opinion of this house the government should immediately after prorogation of the present session of parliament refer to the Supreme Court of Canada, for the opinion of that court, the question of the constitutional validity of that part of the Dairy Industry Act, chapter 45, of the Revised Statutes of Canada, 1927, which prohibits the manufacture or sale, or having in possession for sale, or offering for sale, oleomargarine, margarine, butterine or other substitutes for butter, manufactured wholly or in part from any fat other than that of milk or cream.

Right Hon. Mr. MACKENZIE: I should like to inform the honourable senator from Waterloo that tomorrow I intend to ask thirty-five questions about oleomargarine in Canada and other countries of the world.

Hon. Mr. EULER: Have mercy.

SENATOR BOUFFARD

APPOINTMENT AS BÂTONNIER GÉNÉRAL

On the Orders of the Day:

Hon. CYRILLE VAILLANCOURT: Honourable senators, with leave of the house, on behalf of my colleagues and myself, I should like to congratulate my honourable friend from Grandville (Hon. Mr. Bouffard) upon his appointment as Bâtonnier Général de la province de Québec.

Some Hon. SENATORS: Speech!

Hon. P. H. BOUFFARD: Honourable senators, I thank my honourable friend from Kennebec (Hon. Mr. Vaillancourt) for his kind reference to my recent appointment. I highly appreciate the honour that has been bestowed upon me.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 2, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADA SHIPPING BILL

COMMONS AMENDMENTS REFERRED TO COMMITTEE

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill E-5, an Act to amend the Canada Shipping Act, 1934, as follows:

1. Page 3, line 7: Delete subsection (9) of clause one and substitute the following:

"(9) Paragraph eighty-nine of the said section is repealed and the following substituted therefor:

'(89) 'Sailing ship', except for the purposes of the Load Lines Rules, means a ship propelled wholly by sails, and a ship solely employed in fishing not exceeding one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and that, in addition, is fitted with mechanical means of propulsion other than a steam engine'."

2. Page 4, line 24: Delete clause six, and substitute the following:

"6. Sections one hundred and eighteen and one hundred and eighteen A of the said Act are repealed and the following substituted therefor:

'118. Every British subject who—

(a) served as a master of a home-trade, inland waters or minor waters sailing ship of over ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the first day of January, one thousand nine hundred and forty-eight, for a full period of twelve months within the years immediately preceding the date of his application for a certificate of service;

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship; and

(c) passes the prescribed examination;

shall be entitled, on payment of the prescribed fee, and according to the waters served in, to either a home-trade, inland waters or minor waters certificate of service as master of a steamship of over ten tons, gross tonnage, and not exceeding one hundred and fifty tons, gross tonnage, and not carrying passengers. Such certificate shall not be valid on tugs'."

3. Page 22, line 47: Add the following as section fifty-six:

"56. Subsection nine of section one of this act shall come into force on a day to be fixed by proclamation."

Hon. WISHART McL. ROBERTSON: Honourable senators, these amendments were made in another place, after the bill had gone through our Committee on Transport and Communications and been passed in this house. It seems to me that perhaps the most expeditious and appropriate way of dealing with them now would be to refer them to that committee for consideration.

Hon. Mr. BALLANTYNE: Could the honourable leader conveniently give a brief explanation of the amendments, for the benefit of senators who are not members of the Transport Committee?

Hon. Mr. ROBERTSON: Of course, all senators may attend the committee, whether they are members of it or not. I am not in a position to explain the amendments just now, but I am perfectly willing to have the motion stand over until tomorrow.

Hon. Mr. SINCLAIR: The amendments are printed in the *Minutes*.

Hon. Mr. BALLANTYNE: I suggest that the honourable leader move the motion for reference to committee, as he intended to do.

Hon. Mr. ROBERTSON: I move that these amendments be referred to the Standing Committee on Transport and Communications.

Hon. Mr. PATERSON: As the amendments are of a minor character, I would suggest that they be explained by the honourable senator from Toronto (Hon. Mr. Hayden) now. It may not be necessary to refer them to committee.

Hon. Mr. HAIG: I think the leader was right in asking to have the amendments referred to committee. However, perhaps we could have an explanation now, and if some of them are not clear we could go into Committee of the Whole; then it might not be necessary to have a reference to the standing committee.

Hon. Mr. ROBERTSON: One or two senators had asked specifically that the amendments be referred to a committee, so that departmental officials could be questioned. However, I will ask the honourable senator from Toronto (Hon. Mr. Hayden) to give a brief explanation of the amendments now.

Hon. SALTER A. HAYDEN: Honourable members, the amendments are very simple and do not deal with anything that concerned us when the bill was before our committee in the first place. For instance, the first amendment gives a more detailed definition of "sailing ship" than was in the original bill. The second amendment provides for the qualification of a master. It is just as easy to read this amendment as to try to explain it. It is as follows:

Every British subject who—

(a) served as a master of a home-trade, inland waters or minor waters sailing ship of over

ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the first day of January, one thousand nine hundred and forty-eight, for a full period of twelve months within the years immediately preceding the date of his application for a certificate of service;

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship; and

(c) passes the prescribed examination;

shall be entitled, on payment of the prescribed fee, and according to the waters served in, to either a home-trade, inland waters or minor waters certificate of service as master of a steamship of over ten tons, gross tonnage, and not exceeding one hundred and fifty tons, gross tonnage, and not carrying passengers. Such certificate shall not be valid on tugs.

Hon. Mr. BALLANTYNE: May I interrupt for a moment?

Hon. Mr. HAYDEN: Certainly.

The Hon. the SPEAKER: I think, to regularize our procedure, I should put the motion. It has been moved by Honourable Senator Robertson, seconded by Honourable Senator Copp, that the amendments made by the House of Commons to Bill E-5, an Act to amend the Shipping Act, be referred to the Standing Committee on Transport and Communications. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. BALLANTYNE: This is a very serious matter.

Hon. Mr. HAYDEN: My honourable friend says this is a serious matter. I agree that it is a serious matter to say who shall be in charge of a ship; but certain limitations are provided. A person to serve as master—

of a steamship of over ten tons, gross tonnage, and not exceeding one hundred and fifty tons, gross tonnage,

—must have certain qualifications and experience, and he is required to pass a prescribed examination.

Hon. Mr. BALLANTYNE: Before whom?

Hon. Mr. HAYDEN: That would be determined by the department or someone deputed by it.

Hon. Mr. BALLANTYNE: From my own cursory knowledge of the bill and what I have read in the press, I understand that a third engineer may become a second engineer, a second engineer a first engineer, a second mate a captain, and so on. It is a long time since I was Minister of Marine and Fisheries, but I assure honourable senators that at that time the regulations embodied in the Canada Shipping Act were rigidly carried out. It was not left to me as minister, or to any of my subordinates, to say who would get a master's certificate or who would become a chief engineer. It was necessary that the candidates have certain knowledge and pass before a special board. As I understand it, it is now proposed to give a master's certificate to anyone who has served as master of a small ship of over ten tons.

Hon. Mr. HAYDEN: No. A person who within a certain period of time, has served as master of a ship of over ten tons shall be entitled, if he produces satisfactory evidence as to personal requirements and passes the prescribed examination, to a certificate as master of a ship of over ten tons gross tonnage and not more than one hundred and fifty tons gross tonnage, and that does not carry passengers and is limited as to area of service. Such a certificate shall not be valid on tugs.

Hon. Mr. BALLANTYNE: Would my honourable friend quote the old regulation and the new one? If a second mate wishes to qualify as a master mariner, what board does he go before, and by whom is it constituted? I do not like this loose way of leaving the responsibility to the Minister of Transport or his deputy. Navigation is a serious matter. Further, I should like to know what the marine insurance companies have to say about this method of appointing captains, mates, chief engineers and so on.

Hon. Mr. HAYDEN: If we are going to get into a lengthy discussion on the amendments, I think they might as well go to committee.

The second amendment proposed in the other place calls for the deletion of clause 6 of the bill as passed by this house.

Hon. Mr. BALLANTYNE: How does the repealed section read?

Hon. Mr. HAYDEN: It simply provided for the repeal of sections 118 and 118A of the act. I will read these as they were originally, before we dealt with them. Section 118 is as follows:

Every British subject who—

(1) served as a master or mate of a foreign-going or home-trade sailing ship of over seventy-five tons, gross tonnage, before the first day of January, one thousand nine hundred and thirty-six, for a full period of twelve months within ten years immediately preceding the date of his application for a certificate of service;

(2) produces satisfactory evidence of the sobriety, experience, ability and general good conduct on board ship; and

(3) passes the prescribed examinations.

Hon. Mr. BALLANTYNE: Pardon me What is the prescribed examination?

Hon. Mr. HAYDEN: I am now reading section 118 of the Shipping Act. This language, I take it, was inserted in the Shipping Act as a result of the bill that went through this house and the other house some years ago.

Hon. Mr. BALLANTYNE: 1944.

Hon. Mr. HAYDEN: The first qualification, I repeat, is that he shall have—

served as a master or mate of a foreign-going or home-trade sailing ship of over seventy-five tons, gross tonnage, before the first day of January, one thousand nine hundred and thirty-six.

The change resulting from this amendment is, that he shall have—

served as a master of a home-trade, inland waters or minor waters sailing ship of over ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the first day of January, one thousand nine hundred and forty-eight.

That is to bring the provision up to date, and the intent is to decrease the minimum tonnage qualification, leaving the maximum tonnage qualification at large. As you will note, the period of service is advanced from January 1, 1936 to January 1, 1948. The amendment also provides that the service shall be for the full term of twelve months within the years immediately preceding the date of application. The law as it stands provides for a full period of twelve months within the ten years immediately preceding the date of application. There is not too great a variation in the language.

The other qualifications are the same as those contained in subsections 2 and 3 of section 118 of the present act. Subsection 3 also provides that the party—

shall be entitled to receive from the Minister, on payment of the prescribed fee, a certificate of service as a master or mate of a sailing ship or fore-and-aft rigged sailing ship foreign-going or home-trade, not exceeding seven hundred and fifty tons register tonnage, according as his service has been

(a) as master or as mate;

(b) on a foreign-going or on a home-trade sailing ship;

(c) on a square-rigged sailing ship or on a fore-and-aft rigged sailing ship.

In some respects the qualifications are enlarged a bit as a result of the amendment; in other respects they are somewhat circumscribed. Before I go into further detail I must express my regret that I cannot enlarge on this matter today; I think we shall need to have the officials before us.

Hon. Mr. BALLANTYNE: I do not want to delay the honourable senator.

Hon. Mr. HAYDEN: It is not a question of delay: it is a matter of my inability to further analyse the amendment.

Hon. Mr. BALLANTYNE: I am rather shocked to find that a man, immediately after having charge of a ten-ton ship, may be put in charge of a large sailing ship.

Hon. Mr. ROBERTSON: No, that is not the provision.

Right Hon. Mr. MACKENZIE: I am in agreement with some of the observations of the honourable senator from Montreal (Hon. Mr. Ballantyne). I am not familiar with the rules of this chamber, so perhaps I may have some direction from the Chair or from the leader of the government (Hon. Mr. Robertson) as to whether substantial amendments made in another place to a measure already considered by this house, can be introduced and discussed here without notice and without qualification. I raise that question after due deliberation. I am as yet unaware of the exact nature and import of the amendments made by the other house, and I should appreciate a ruling as to whether we are entitled as a matter of right to refer them back to a committee of this house for the purpose of receiving the necessary full explanation. In this regard I am in accord with the very able observations made by the honourable senator from Montreal.

The Hon. the SPEAKER: I may say that the usual procedure has been followed. If my honourable friend will refer to the *Minutes* he will see printed there the amendments made by the House of Commons to the bill which was sent to that house some days ago, and which has now been returned with two or three amendments.

Hon. Mr. HAYDEN: Three.

The Hon. the SPEAKER: It was proposed by the leader of the house that these amendments be referred to the standing committee which has already considered the bill, and discussion ensued. To regularize proceedings, I intervened to call attention to the fact that there was a motion before the house, and honourable senators are at liberty, if they wish, to continue that discussion. There is nothing irregular in the procedure thus far.

Hon. J. J. KINLEY: Honourable senators, my honourable friend from Toronto (Hon. Mr. Hayden) said that this bill had been dealt with by a committee of this house and had gone to another place, where it was amended. That is so, and perhaps I should apologize because I was not present when the

bill was in committee, although I had something to say about it when the bill was before the Senate for second reading.

These look like good amendments to me; they put something into the bill which should have been in it when it was before us at an earlier date. I think the bill was framed by the general staff, as it were, in an attempt to make a very strict act; and after the people interested in the measure were heard it was somewhat amended.

The first amendment deals with fishing vessels. A fishing vessel can be classed as a sailing ship if she has sail enough to make a voyage. Nearly all the fishing vessels today have auxiliary power, and under the original act could be classed as steamships. They can now be classed as sailing vessels. Whether the amendment goes far enough I do not know. It refers to vessels up to 150 tons; but fishing vessels are getting larger all the time, and it seems to me that provision should have been made for vessels of 200 tons.

The next amendment deals with the master in the home-trade service. Honourable senators will recall from what was said in explanation by the honourable senator from Toronto (Hon. Mr. Hayden) that previously a certificate was required for a 75-ton motor boat or ship. The tonnage has now been reduced to 10 tons, which means that everybody who sails a boat of over 10 tons will be required to have a certificate. I suppose the intention is to put as few as possible out of jobs, and to let them all in with the changing of the act. A 10-ton boat is very small, and to require a man to have a certificate to sail a 10-ton fishing schooner in the home-trade, or on inland or minor waters, may work a hardship. Men of limited academic training but great practical knowledge have been sailing these boats in Canada for generations. Under the old act the tonnage was reduced to 75 tons, and those seeking certificates were put through in bunches, as it were, in order that there would be little interference with the coastal trade of the country. But I can see the fishermen of the Magdalen Islands, the Gaspe Coast and the Island of Cape Breton, where they have small vessels, finding it difficult to comply with this act in the future. It may be that the 75 tons requirement was right; and because of that and the reasons given by the honourable senators who have spoken, I think we should send these amendments to committee, where they can be discussed in full.

The motion was agreed to.

TREATIES OF PEACE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 248, an Act to provide for carrying into effect the Treaties of Peace between Canada and Italy, Roumania, Hungary, and Finland.

He said: Honourable senators, I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. A. K. HUGESSEN: Honourable senators, this bill is perhaps not quite so important as its title appears to imply. It is not, of course, a bill to ratify the treaties between Canada and the different countries that are mentioned in its title. Honourable members will recall that those treaties were approved by joint resolutions of both houses at the last session of parliament, in 1947. As the result of that approval, Canada became a party to the treaties with these countries in September last, and the federal government is bound by their provisions. But individual citizens of Canada who may be affected by one or more of the provisions of the treaties are not bound, hence the necessity of the bill which is before us this afternoon.

I should remind honourable senators that the same situation existed after the first Great War, and that in the years 1919, 1920, and 1922, bills substantially similar to the one now before us were passed by this parliament in order to bring into effect, as regards nationals of this country, the treaties of peace which had previously been made between Canada and the various enemy belligerents in the first Great War.

The bill before us is comparatively simple. Its operative provision will be found in section 3, which prescribes that the Governor in Council may make orders and regulations and do such things as appear to him to be necessary for carrying out the treaties, and for giving effect to any of their provisions. Section 4 provides penalties, by way of fine or imprisonment, or both, against any individual who violates such orders and regulations. Section 5 prescribes, very properly, that any orders or regulations made must be laid before parliament within fifteen days. Section 6 declares that any expense incurred in carrying out the treaties shall be defrayed out of monies provided by parliament.

Honourable senators might like to know what sort of action is contemplated under this bill. The treaties, for one thing, provide that any property now vested in the Custodian may be confiscated and the proceeds thereof

retained by this country and applied to settle any debts owing to a citizen of Canada as the result of war damage. For instance, a Canadian citizen whose ship was sunk by an Italian submarine would have a claim for damages against the Italian government. This could be settled out of the assets of Italian citizens of this country. A number of these enemy assets are now held by our Custodian of Enemy Property.

Hon. Mr. CRERAR: Would not these debts be settled out of assets held by the Custodian?

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. CRERAR: You said that they would be settled out of the assets of Italian citizens.

Hon. Mr. HUGESSEN: The assets in the hands of the Custodian will be realized, and the proceeds will be distributed amongst citizens of Canada who have claims against Italy, for instance, which they are able to prove. This makes it necessary to set up certain machinery by which such claims can be filed, their validity assessed, and the money distributed in payment in full or, if the assets in the hands of the Custodian are not sufficient for that purpose, pro rata of the claims.

Then there are provisions in the treaties of peace dealing with patents. There have been in existence certain Canadian patents in favour of persons who were formerly enemy aliens. Some of those patents have been taken by the Custodian of Enemy Property and disposed of. The provisions with regard to patents are reciprocal. There may be Canadians who have rights in certain patents in another country: as, for example, Italy. These rights are restored by the treaties on a reciprocal basis. Therefore, in order to get for Canadian citizens the benefit of any patents which they own in foreign countries, arrangements would have to be made to give similar benefits to foreign citizens in respect of their patents in Canada.

Generally speaking, the purpose of this bill is merely to deal with claims which arise between citizens of the countries that have been at war. It does not affect the obligations of the countries that have entered into the treaties. Those obligations are set out in the treaties, and by ratifying them the countries have become bound to carry out the treaties in so far as the governments themselves are concerned.

There is one further matter that may be of interest to honourable members, and that is the expense incurred in administering the act. I am informed that, judging by experience after the last war, the expense will be small. In fact, practically everything can be done by the officials who are at present in the office of the Custodian, in the Department of the Secretary of State. It may be necessary, as I said a moment ago, to appoint one official for the purpose of calling for claims of Canadian citizens against enemy property, examining those claims, and allocating the property between citizens whose claims are ascertained to be correct.

Hon. Mr. EULER: I should like to ask a question of the honourable gentleman who has explained the bill. He states that the claims of Canadian citizens may be satisfied out of enemy aliens' properties in the hands of the Custodian.

Hon. Mr. HUGESSEN: That is correct.

Hon. Mr. EULER: Is that the practice in other countries that were engaged in the war? I ask that question because of my recollection of the situation after the first Great War. A considerable sum of money was in the hands of the Custodian at that time—who I think was the Under Secretary of State—but the amount was not nearly as large as after the end of this last war. After the first war I was informed by the Under Secretary of State that in no country except Canada was the property of private citizens of an enemy country taken for the purpose of satisfying the claims of anyone else, and that in all other countries this practice was not regarded as a proper one. Millions of dollars were taken out of the Custodian's hands and included in the Consolidated Revenue Fund of Canada. The Under Secretary of State at that time, Mr. Mulvey, who is dead and gone now, thought that the principle behind that was wrong. I am wondering if other countries follow the same practice as we do.

Hon. Mr. HUGESSEN: I am unable to answer my honourable friend's question as to the practice in other countries. All I can say is—and I think this follows from what the honourable senator himself has said—that the practice adopted by Canada after the first Great War is being continued under the new treaties. I am not disposed to agree with my honourable friend that the assets in the hands of the Custodian after this war are much greater than they were after the first war. Without having any figures in front of me, I should think that the reverse is true.

Right Hon. Mr. MACKENZIE: Yes.

Hon. Mr. HUGESSEN: After the first war the Montreal legal firm of which I was a member acted for the Custodian of Enemy Property in connection with the seizure of German

assets in this country. In those days Germans had a very large investment in Canadian concerns. For instance, they had a very substantial holding of Canadian Pacific Railway shares. I think that the assets of enemy nationals in this country are considerably less in amount now than they were after the first war.

Hon. Mr. EULER: Would my honourable friend give me an idea as to what he thinks was the amount of the assets in the hands of the Custodian after this last war? If my memory serves me rightly, after the first Great War the amount was around $15 million or $18 million. I am sure that it was much greater after the recent war.

Hon. Mr. HUGESSEN: I have not the figures, but I can tell my honourable friend that after the first war the German-owned assets which I, as a member of my law firm, was responsible for seizing for the Secretary of State, were themselves worth a great deal more than $18 million. There were several hundred thousand shares of Canadian Pacific Railway stock, for instance.

Hon. Mr. EULER: That of course is not important.

Hon. Mr. HUGESSEN: No, that is not important. The principle that my friend was mentioning depends upon what is implied in the treaties, which are contracts between governments. Assuming that a Canadian citizen has a claim against an enemy government because of damage sustained by him during the war, it is a matter of contract; the enemy government may say, "We will allow that Canadian as a matter of convenience to collec his claim out of assets that our nationals happen to have in Canada, and we will recompense our nationals in our own country." The procedure is not for the purpose of creating injustice to nationals of another country; it is merely a method by which claims of Canadian nationals can be satisfied in this country. It happens that the present peace treaties contain the same provision that was made at the end of the first war, which justified and admitted that claims of Canadian nationals against enemy countries should —as a matter of convenience, I suggest—be collected out of assets of nationals of those enemy countries in Canada, the countries concerned being left to compensate their own nationals in their own way.

Hon. Mr. EULER: What I was trying to find out was whether Great Britain and other countries follow the same practice as we do.

Hon. Mr. HUGESSEN: I am not able to answer that.

Hon. Mr. KINLEY: Section 4 of the bill says:

4. (1) Subject to subsection two, the Governor in Council may prescribe a fine or a term of imprisonment or both a fine and a term of imprisonment as a penalty for violation of any order or regulation, and may also prescribe whether the penalty shall be imposed upon summary conviction or upon conviction under indictment or upon either summary conviction or conviction under indictment.

Is that not unusual?

Hon. Mr. HUGESSEN: It is quite unusual. I remember that the same question came up, I think in the present session, when we had before us a somewhat similar measure to authorize the Governor in Council to carry out the provisions of the United Nations charter and to provide penalties against Canadian citizens who violated certain of those provisions. I suppose the only excuse for the section is that at the moment it is difficult to say what offences might be committed and how serious they might be. From what was said in the debate on the bill in another place, I understand that after the last war there was a similar provision in statutes passed then, but that as a matter of fact there were no known violations and that no penalties were imposed.

Hon. Mr. KINLEY: The provision is toned down in subsection 2, which says:

(2) The fine prescribed shall not exceed one hundred dollars for summary conviction and one thousand dollars for conviction under indictment and the term of imprisonment prescribed shall not exceed two months for summary conviction and two years for conviction under the indictment.

Hon. Mr. LEGER: Does this mean that the Governor in Council may make regulations prescribing fines, or that fines may be imposed directly by the Governor in Council?

Hon. Mr. HUGESSEN: I take it to mean that the Governor in Council would in regulations prescribe the fine payable in respect of violation. I do not think the Governor in Council could deal with every individual case.

Hon. Mr. LEGER: I am referring to the language. I think it should be amended.

Hon. Mr. HUGESSEN: The matter is of such importance that I think it ought to be referred to a committee where the inquiries of honourable senators can be answered. When the bill has received second reading I shall move that it be referred to the Standing Committee on External Relations.

Hon. Mr. ASELTINE: What offences would likely be dealt with under section 4? Would it be concealing assets or something like that?

Hon. Mr. HUGESSEN: I do not feel qualified to answer a question of that kind. The same sort of provision was inserted in a bill passed earlier in this session having to do with the United Nations charter. At that time I found some difficulty in imagining what offences on the part of Canadian citizens might be anticipated. However, that feature of this measure can be dealt with when it is referred to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on External Relations.

The motion was agreed to.

NATIONAL HOUSING BILL

SECOND READING

Hon. Mr. ROBERTSON moved second reading of Bill 280, an Act to amend the National Housing Act, 1944.

He said: Honourable senators, I have asked the honourable senator from Ottawa (Hon. Mr. Lambert) to explain this bill.

Hon. NORMAN P. LAMBERT: Honourable senators, a year ago I proposed an amendment to the National Housing Act, to provide for the extension and enlargement of the powers and conditions under which lending institutions could co-operate with the Central Mortgage and Housing Corporation in undertaking various housing projects.

At that time emphasis was laid upon the need for so-called rental housing units as distinguished from home-ownership houses, and in accordance with the principle then adopted, Bill 280 is now introduced as a further attempt by the government, in the light of current needs and conditions, to carry out the terms of the National Housing Act. The bill stresses the need for rental housing units. The minister stated in another place that of 80,000 units completed in 1947, some 55,000 were home-ownership units and 25,000 were rental units. Of the 25,000 units for rental, some 14,000 were built by the government, and less than 11,000 were produced by private enterprise.

Hon. Mr. HAIG: Can the honourable gentleman tell us where those 14,000 houses are located?

Hon. Mr. LAMBERT: A good deal of information has been supplied to me in relation to the discussion of last year, and it is tabulated in a number of sheets which I have in my envelope. It seems to me that such details as my honourable friend asks, and other information which I consider more important, might better be elucidated by the officials of the Housing Corporation when the bill has been referred to the appropriate committee. If my friend will permit me to continue my remarks, I think he will have many more questions to ask later.

It should be said that the Dominion Government is directly in the rental field because there are being built only enough rental housing units for veterans' use. It has been said in another place that the Dominion Government would like to withdraw from this field, but is unable to do so until it becomes evident that private enterprise can and will produce sufficient rental housing units.

Honourable members will recall that rent control on new units was removed early in 1947. Yet private enterprise does not seem to be much attracted to this particular field. Undoubtedly there are good reasons for such reluctance. The most important, apparently, is that the private capitalist, although he is able to secure an economic rental on that type of investment, apprehends that the day will come when similar rental units will be built at a lower cost and will come into competition with his highly capitalized venture, with the result that the builder will lose the equity he has established. This bill, therefore, is an attempt to deal with the continued reluctance to build and invest in rental property.

The bill contains two main features. The first is the introduction of an unprecedented principle in house building, called rental insurance. The second is the transfer of Wartime Housing Limited to the Central Mortgage and Housing Corporation. In addition there are a number of minor proposals to which I may refer, but which certainly can be discussed in committee.

Clause 1 of the bill amends section 3 of the National Housing Act by empowering lending institutions to invest their funds in the purchase of mortgages from the Central Mortgage and Housing Corporation. As section 3 now stands, approved lending institutions are authorized to lend money up to the amounts specified in the various sections of the act relating to joint loans. These amounts are 80 per cent of the lending value of the rental projects, and in the case of home ownership loans, the percentage is higher. As most honourable senators are aware, the amounts that life insurance companies and trust and loan companies may invest on the security of a mortgage are limited by their charters and by statute. The

amendment is necessary, therefore, to ensure that in purchasing such mortgages from the corporation they will not be violating any of these restrictions.

The main feature of the bill is contained in clause 2, which introduces the principle of rental insurance. By this legislation the corporation—that is the Central Mortgage and Loan Corporation—will be authorized to guarantee a minimum return of rentals from a rental housing project built in accordance with the terms of the section. The guarantee will be given in the first instance to the builder-owner and may be assigned to subsequent purchasers of the rental housing project. The amount to be guaranteed will be sufficient to pay taxes, debt service, operating expenses, repairs, renewals and replacements, and a two per cent return on the equity investment of the operator. By these provisions it is hoped to encourage private enterprise to build some of our much-needed rental housing, by providing an insurance against loss during the term of the insurance, and particularly against possible loss resulting from the competition of rental housing projects built in the future under more favourable cost conditions.

Certain statutory limitations cited in this section should be referred to. The project must consist of eight or more units. This section is designed for project investment; and it is felt that, in order to have an economic operation, the number of units must not be less than eight. The period of the guarantee cannot exceed thirty years: it may be for a lesser period in the first instance, with provision for renewal—possibly for ten years, subject to renewal for twenty years; but the full period of the guarantee cannot be more than thirty years. The rents to be charged will for the first three years be subject to a ceiling. This ceiling will be the economic rent as determined by the corporation, and will be based on the cost of the project. It is felt that the owner of a project supported by a government guarantee should not be allowed to charge more than the so-called economic rental.

Another limitation is that the corporation must approve the location of the project, the standards of construction, and the size and type of unit. This places a control upon the type of construction that will qualify for the guarantee, and will ensure that the units will be family units in the moderate field. The maximum rental which may be charged is, I am told, $80 per month. This maximum is for a fully-serviced unit with hot and cold water, heating, stove, refrigerator and janitor services. It is hoped that such fully-serviced units will be produced to rent for as little as $55 per month. Unserviced units will have a lower rental range, from approximately $37 per month to $40 per month.

The section to which I am referring reserves certain matters to be prescribed by the Governor in Council. The first is the fixing of the insurance premium to be paid by the builder or subsequent owner. When this figure is determined it will be specified in the contract with the builder. No regulation of course can be passed until the bill has been assented to.

Hon. Mr. HAIG: Before the honourable senator leaves that section, will he state whether the builder is allowed to include in the cost of operation the premium he pays on that insurance?

Hon. Mr. LAMBERT: I understand that the cost of the premium to the builder will be included in the terms of the contract.

Hon. Mr. HAIG: The bill does not so state.

Hon. Mr. LAMBERT: No, it does not, but I asked that question of officials with whom I discussed this bill, and my understanding is that the builder will pay his premium, but that it will be included in the statement of costs.

New section 8A provides that this insurance shall take the form of a contract between the corporation and the builder-owner, and that the guarantee may be given after completion of the project. In order to enable the builder to finance during the course of construction, subsection (2) of the bill empowers the corporation to give to a builder an undertaking that the insurance will be provided if the project is built in accordance with the terms of the section. In practice, the builder will submit his plans and specifications and other relevant details to the corporation before he commences construction, and at that stage he will be given a commitment that if he goes through with his project he will be given an insurance contract.

Clause 2 of the bill also adds section 8B to the act. This enables approved lending institutions to make loans direct to assist the financing of projects which qualify for rental insurance. There is nothing particularly new in that suggestion, because, I believe, authorization was given in the act of last year.

Clause 3 is simply an amendment of section 9 of the act, which deals with loans to limited-dividend housing companies. As the section stands, the operators of a limited-dividend company are, on the sale of the project, limited to the return of their capital investment, plus dividends, which cannot exceed 5 per cent. It is proposed by the amendment to permit the operators to retain the residual

value of the project after the loan has been repaid. This, in the opinion of the drafters of the bill, will offer an inducement to engage more freely in this plan of construction. Section 9 provides for long-term financing at 3 per cent per annum for a company which provides low-rental housing. It is proposed now to allow this additional incentive to be included in this legislation.

Clause 4 of the bill simply repeals section 9B of the act which was enacted in 1946. Section 9B, which dealt with the powers of the corporation to administer Crown properties on an agency basis, is to be repealed, as its provisions are contained in a subsequent section in the legislation before the house.

Clause 5 of the bill amends section 31A. The amendment enables the corporation to make loans to builders of rental housing projects which qualify for rental insurance in the terms of section 8B, with which we have just dealt, if such loans are not being made by lending institutions. As honourable members know, under section 31A as it now stands, if the joint loans are not being made by lending institutions, the corporation may make such loans. The terms and conditions of such direct loans are the same as those specified in the act with reference to joint loans. The same principle applies to section 8B, which is referred to in new section 31A.

I come now to the concluding feature of this bill, section 6, which deals with the transfer of Wartime Housing Limited to the Central Mortgage and Housing Corporation. Honourable senators are familiar with the identity of Wartime Housing Limited, which operated under the Department of Munitions and Supply during the war and for a year or two afterwards. Ever since January 1, 1946, the corporation has, under agreement with the Minister of Reconstruction and Supply, operated Wartime Housing Limited on an agency basis. The personnel of the two corporations has been identical. The directors of Wartime Housing Limited are officials of Central Mortgage and Housing Corporation. The expenses of Central Mortgage Corporation have been met under the terms of the agreement with the Minister of Reconstruction and Supply by the payment of a fee. For all practical purposes, except accounting, the two organizations are the same. It is now proposed to transfer all the rights and properties of Wartime Housing Limited to Central Mortgage and Housing Corporation, and to impose upon the corporation all the obligations of Wartime Housing Limited. This measure also empowers the corporation to acquire and develop land, and to purchase materials and construct housing, out of moneys from time to time appropriated by parliament. This is the same as the procedure at present followed by Wartime Housing Limited.

It is also proposed to transfer to the corporation the wartime housing units now held in the name of the Crown. This transfer may be effected by order in council, to avoid the not inconsiderable task of issuing letters patent with respect to some 40,000 small parcels of land. Under this measure the corporation is empowered to transfer these lands, even if they are registered in the name of the Crown when they are sold. This will facilitate the operations of the corporation, which is now selling some 6,000 war-workers' houses. There are a number of other details concerning this part of the bill which can be gone into further in committee.

Honourable senators, I think I have outlined the principal provisions of this bill. One question is naturally raised, and further inquiry in committee may elucidate it. I refer to the element of risk or speculation contained in this provision for so-called rental insurance. On what basis or by what criterion can the Wartime Housing Corporation estimate the cost of building rental housing or any other housing unit? The erection of rental housing will involve the principle of insurance, and there is the problem of uncertain cost of materials, the uncertainty connected with labour, and all the factors that affect any individual who might undertake to build a house at this time. Another point is that there is absolutely no precedent to go on in connection with this proposal. There is no background of experience by which the Housing Corporation can judge how many rental housing units will be built under this scheme. What is the estimate of commitment for rental housing insurance in the future? It must be remembered that this bill is an effort to meet the very vital need for rental housing in this country, a need which has not been met.

If criticism is to be directed at the housing policy of the government, it is simply that it has not been able to provide a sufficient number of rental housing units to meet the demand. The fact is that the number of housing units erected in Canada during the past year under government control has exceeded by some 13,000 units the so-called demand from net family formations. This simply means that the new housing constructed has been for ownership purposes. However, there continues to be a growing demand for rental housing units, and it is to meet that need that Bill 280 is presented.

Hon. Mr. HUSHION: When the honourable senator speaks of insurance, does he mean insurance on the rental of the property?

Hon. Mr. LAMBERT: The housing rental insurance, as I understand it, is similar to life insurance. A builder who undertakes to erect a rental housing unit will be given by the corporation a rental housing insurance policy guaranteeing to him rentals on the basis that I have already mentioned, which covers up to 85 per cent of the total cost of the work done. He is also free to turn over that insurance policy to a lending institution, if it wishes to take it. In that way the lending institution would have the equivalent of a guaranteed bond to the extent of 85 per cent of the total investment made.

Hon. Mr. HAIG: I am very stupid and I do not understand a certain point in connection with this bill. Suppose a man builds a block of ten units at a cost of $100,000. Under this bill he gets the guarantee. I may tell my honourable friend from Victoria (Hon. Mr. Hushion) that it is not an insurance policy at all, but a guarantee that this man will get two per cent net on $85,000. Am I right?

Hon. Mr. LAMBERT: According to my illustration that is right.

Hon. Mr. HUSHION: The National Housing Act was passed for the purpose of helping the poor man who has a family and greatly needs either a private or semi-private home. However, the trouble in Montreal has been that the wealthy people have been getting the preference in the loaning of this money by financial corporations and the housing board. They buy a fine piece of land and erect, perhaps, 50 to 100 apartments on it. Those apartments are all in expensive districts and are fully occupied before completion; but it is my contention that they do not help to solve the difficulty at which the Housing Act is aimed. If a poor man goes to a housing company they will hardly talk to him, but someone who wants to borrow half a million dollars for the erection of an apartment will get a good hearing. The existence of all these companies is a puzzle to me. There ought to be one company, under one name, and everybody ought to be able to get his rights through that company. I know one man who went to a company, ready to put up the required ten or twenty per cent, whatever it is, but he has not got anywhere yet. The people benefiting under this act are speculators who have a lot of money to invest in large apartment buildings. To my mind that is contrary to the spirit of the act, and something that ought to be discussed in committee.

Hon. Mr. HAIG: Honourable senators, if I were thinking of the interests of the taxpayers, I would vote unreservedly in favour of this bill; but if I were thinking of the interests of people who want to rent housing accommodation, I would vote just as unreservedly against the bill, because very few houses for rent will be built under it. The only persons who will build under this bill are contractors —I say this without reference to anyone in particular—who think they will be able to get the officials to put a price of $10,000 on a house that cost only $8,000. There are still some sensible people in Canada, and nobody in his senses would build a property to earn 2 per cent when he can buy government bonds that pay 3 per cent.

My honourable friend from Victoria (Hon. Mr. Hushion) put his finger right on the problem. This bill would not give relief to anyone earning less than $5,000 a year, and a person with that income does not need any relief. But what about the people earning $150 a month? There are a lot of them in my home city of Winnipeg. Many of the basic articles of food are produced in abundance near Winnipeg and can be bought cheaper there than anywhere else in Canada, but the people with small incomes have no advantage out there in getting living accommodation. There are plenty of houses for the man who has $5,000 a year.

Last Sunday I drove out to one of the very nice parts of the city, a section that we used to call Elm Park. It is on the Red River, and when I tell honourable senators that no water reached it in the recent flood they will understand that the land is pretty high. There must have been fifty houses for sale there, at from $7,750 to $8,500. Each house had one bedroom, but with an unfinished attic that could be converted into a bedroom at an extra cost of $1,000. The general way of calculating what a man can afford to pay for a house is by doubling his annual income. I may say, if a personal reference is permitted, that I was in the business nine or ten years, and that was the standard I always used.

Hon. Mr. PATERSON: Did you calculate on twice his income after or before income taxes were paid?

Hon. Mr. HAIG: We did not have heavy income taxes in those days.

Hon. Mr. LAMBERT: I judge that a number of those houses mentioned by the honourable gentleman are vacant and ready for sale.

Hon. Mr. HAIG: Yes.

Hon. Mr. LAMBERT: Then why are they not purchased by people with incomes of $5,000?

Hon. Mr. HAIG: Because such people already have houses. The Housing Act is intended to help people in the class mentioned by my honourable friend from Victoria (Hon. Mr. Hushion), people earning about $150 a month.

Hon. Mr. HUSHION: The intention is to help a man who earns say $1,800 to $2,000 a year, and who by the united efforts of his family gets together enough money to make a down payment on a home.

Hon. Mr. HAIG: That is what I am saying.

Hon. Mr. HUSHION: You are talking about people with an income of $5,000.

Hon. Mr. HAIG: What I said was that the only man who will benefit by this act is one earning $5,000 a year or more. I am not interested in him.

Hon. Mr. HUSHION: Neither am I.

Hon. Mr. HAIG: I am interested in the man who has an income of around $1,800. Where can he get a house for $3,600? And that is all he can afford to pay.

Hon. Mr. LAMBERT: Is my honourable friend not dealing with something outside this bill?

Hon. Mr. HAIG: No.

Hon. Mr. LAMBERT: The bill is concerned with the demand for rental housing.

Hon. Mr. HAIG: This bill will not make it possible for anyone to rent a house. Any man who can pay $80 a month rent can buy his own house and does not need relief under legislation such as this. I am interested in the man who earns $150 a month and has three or four children to support. How is he helped by this bill? Welfare workers all over the world will tell you that a man cannot afford to pay for rent more than one-fifth of his income. In Winnipeg you have to allow for a larger proportion than that, because our winter climate is very severe and we require houses that will resist the low temperatures.

Why is there a shortage of houses for rent? I have dealt with this matter before, and I am going to deal with it again. During the first World War Austria enacted rental control and never repealed it. Finally no private contractors would build in that country and the government had to construct buildings to house the people. And I say that no private contractors will build houses in Canada so long as rental control remains in effect. You may argue that when the control is lifted rents will be raised. I was told that when the control was taken off commercial rents there would be trouble. Well, economically unsound concerns were driven out of business or had to change to cheaper quarters. In Winnipeg, for instance, some of them left Portage avenue and went to Graham avenue and Fort street. There were similar moves in Montreal and other cities.

You cannot settle economic problems by legislative restrictions. What is happening in my own city, in Toronto, in Montreal, in Vancouver? People are living in a type of accommodation which under the terms of this bill would rent for twice as much as they are now paying. Next year the government will introduce a bill guaranteeing five per cent, but the situation will be no better.

Hon. Mr. LAMBERT: Does my honourable friend not think the builders would be willing to enter into a scheme of this kind guaranteed by the government?

Hon. Mr. HAIG: Guaranteeing them only two per cent on their money?

Hon. Mr. LAMBERT: Exactly.

Hon. Mr. HAIG: That is tommy-rot.

Hon. Mr. LAMBERT: It is two per cent at the beginning.

Hon. Mr. HAIG: That is the maximum. The man who is now paying $80 a month for his house says that he cannot pay more. If the government raises the builder's interest to three per cent, the renter will have to pay $100 a month, and he will not stand for it. The renters represent more votes than the builders do.

The government has to face the inevitable fact that some day rental control has to come off. Of course the renters represent a hundred votes to one vote of the landlords. By this scheme the government is forcing families into the position where they have to live in one room. I know one man in Winnipeg, a veteran of Italy, France and Germany, who lives with his wife and two children in two rooms. Personally, I would not live in those rooms if someone bought the whole house and gave it to me. That is the problem confronting us today, and this type of legislation will not correct it.

Does anyone suggest that any man or woman in this room with money to invest would build houses for a return of two per cent when it is possible to go to the Minister of Finance and buy a bond paying three per cent? Unfor-

tunately for me, I have lived in only one city, but my experience there has taught me that people do not build houses for two per cent on their money when they can get three per cent by buying a bond. If certain people do make investments in that way, they usually end up in one of our mental hospitals at Selkirk or Brandon.

This bill is an admission by the government that its policy of continuing rental control has finally driven it to the point where it is attempting to get somebody to build rental projects. I say that no one will build a house under the provisions of this bill unless he can get a valuation higher than the cost of the building, and interest from the government on that higher amount. I know a builder in Winnipeg who is now constructing four-room apartments and renting them at $80 a month, plus heating, which brings the total to about $95 a month the year round. The heating cost will be about $180 for the year. Central heating for my own house costs me $240 per year. One such apartment built near me is rented to two teachers in the Winnipeg schools. These young ladies have salaries of $3,000 each per year, and they can afford to rent the apartment. But they are not the people I am interested in; my concern is about the people my friend from Montreal referred to, who earn $150 or $200 a month. How can they pay that rent?

Hon. Mr. BURCHILL: Will the honourable gentleman permit a question?

Hon. Mr. HAIG: Yes.

Hon. Mr. BURCHILL: How much a month can a man making $1,500 a year afford to pay for rent?

Hon. Mr. HAIG: He can afford to pay twenty per cent of his income.

Hon. Mr. BURCHILL: Then what is the answer to the problem?

Hon. Mr. HAIG: That is a fair question.

Hon. Mr. BURCHILL: I should like to hear the answer to it.

Hon. Mr. HAIG: The first answer is to raise the basic wage rate. If there is to be no reduction in the cost of housing, then the basic wage of the ordinary workman must go up relatively with the cost. My second answer is that rent controls must be removed to permit the building of houses for these people without interference from anybody.

Hon. Mr. BURCHILL: But they cannot be built at present-day costs.

Hon. Mr. HAIG: I admit that, but this bill will not correct that condition. My third point is that there are plenty of houses now being offered for sale. I presume the situation is the same in Toronto and Montreal as it is in Winnipeg. I am going down to Montreal next Tuesday to see for myself; but I feel safe in saying that there are rows of unoccupied houses for sale. In my own city there are four hundred such houses, and I am sure the same condition prevails in Montreal.

Hon. Mr. HUGESSEN: That is not true of Montreal.

Hon. Mr. HAIG: I venture to say that there are four hundred houses for sale in Montreal today.

Hon. Mr. HUSHION: If there are, there is some reason for it.

Hon. Mr. HAIG: I admit that; but I say the situation will adjust itself if you leave it alone.

Hon. Mr. DAVID: That is speculation. Houses are scarce today and the owners can sell them for double what they cost to build.

Hon. Mr. HAIG: That is true. But if you take rent controls off, the people will sell the houses, and they will be rented as they were in the old days. It used to be that when any one had five or six houses unsold by the first of November, he would rent them, knowing that he could get the tenants out by the following September and get possession on the first of October. But we cannot do that today, because we cannot get possession. I know of a member of my profession who today is renting for $50 a month a house that should bring $100. Why should he consider building a house? He is satisfied to go along at somebody else's expense.

Hon. Mr. HOWARD: He is waiting for the price to come down.

Hon. Mr. HAIG: If this bill gave about ten per cent to the builder, he might co-operate. I want to answer my honourable friend from Northumberland (Hon. Mr. Burchill) further. If the basic wage rate and the cost of housing remain as they are, the people who have money to invest must contribute in one way or another to the building of accommodation for people who cannot afford it. Why should the T. Eaton Company in Winnipeg say they require three thousand people, and then lay off fifteen hundred to be cared for by the taxpayers of that city? Why should the Ford Motor Company in Windsor lay off men for two months and leave them as charges of that municipality?

Hon. Mr. HOWDEN: If the basic wage rate goes up, will not housing costs rise correspondingly?

Hon. Mr. HAIG: That may be so, but the responsibility will be distributed amongst all of us. If living costs remain at the present level we must expect constant agitation, rows and strikes. The manufacturer must realize that today his staff is on a full-time payroll. I am not talking as a C.C.F.er, but as an ordinary individual who sees things as they exist. Young men and women in search of housing accommodation come to me with tears in their eyes. They ask, "Mr. Haig, what shall we do?" About four months ago a young returned soldier, who lost a leg in the Italian campaign, called on me. His wife was with him, with their baby in her arms. He told me that they had a certain amount of money and wanted to buy a house, but they did not know whether they had sufficient to pay for it. Fortunately, I was able to get them a house, and they are very happy about it. None of our people should be in need of homes.

I shall say no more about this legislation, except that as a means of providing renting accommodation it will be an absolute failure. As an honourable senator has remarked, a year ago we were presented with legislation which has done nothing to meet the housing problem: next year, no doubt, we shall see further legislation which will be equally useless. If a depression occurs there will be housing accommodation to rent, but nobody wants a depression.

We must face up to the proposition that the control of one item of the national economy has repercussions upon all the other items; and the problem must be examined with that fact in mind. We have been reminded that the government permitted a 10 per cent increase of rents. My office wrote to owners reminding them of this provision; and one of our clients, a well-to-do lady, the widow of a doctor, replied to this effect: "I do not think I will raise the rent of my properties 10 per cent. You may think of me as a philanthropist, but government taxes absorb so much of my revenue now that they would take at least half the increase, so I shall not punish my tenants for the sake of the other half. Just leave the rents as they are."

Hon. Mr. COPP: High taxation, then, helps the renter.

Hon. Mr. HAIG: It helps the renter, but the rest of us pay the taxes.

Hon. Mr. LAMBERT: There was a point which I thought my honourable friend was going to develop when he was talking about the importance of helping people to acquire houses. I refer to housing subsidies. When the matter was raised in the other place, the issue of provincial versus dominion jurisdiction was brought up. Would my honourable friend favour a policy of subsidized housing?

Hon. Mr. HAIG: As a matter of fact, all wartime housing was subsidized by the municipalities. The government built a number of houses in Winnipeg—and I presume almost everywhere else—under an agreement whereby their obligation for taxes was limited to $75 per year. Ordinarily, taxes on this type of house would be from $100 to $125 a year. The difference of some $45 which should have been borne by the owners of the houses and included in the rent is paid by the taxpayers in general.

Whatever one may think of subsidization, provided the cost does not fall upon the provinces or the municipalities, it would be more desirable than the present proposals; and, speaking personally—not as leader of the opposition—I would favour it if the present system is to be retained. With rents controlled you cannot get houses unless you subsidize them. If I were in authority, the first thing I would do would be to abolish rent control. I would give notice that, not immediately, but say on and from May 1, 1949, rent control would cease. Then there would be a reasonable chance of ordinary people building properties of the type I have mentioned, for temporary rental.

However, I have spoken long enough. I hope the bill will go to committee, so that we may know what has been done about the housing problem. Although this measure offers no solution, the public ought to have the facts. My honourable friend has said that 14,000 units have been built for rental. That may be so, but it is not reflected in conditions in my city.

Hon. Mr. HOWDEN: Quite a number of blocks have been built in Winnipeg for rental.

Hon. Mr. HAIG: Not many; and the few which are being built were not begun until after rent control was relaxed in January of 1947.

Hon. Mr. HOWDEN: As a matter of fact they are being built by small contractors.

Hon. Mr. HAIG: But, I repeat, after rent control was relaxed. To the limited extent of that concession, some good has been done. I know a man who has built ten four-room apartments since January 1, 1947. Of course he can charge what rents he likes: rental control is off, it is gone. I should like to see the bill go to the committee so that, at least, we may have an explanation by the men and women who are running the corporation.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. LAMBERT moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CRIMINAL CODE (RACE MEETINGS) BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill J-11, an Act to amend the Criminal Code (Race Meetings).

He said: Honourable senators, the purpose of this bill is to increase the percentage amount which racing associations may retain from pari-mutuel betting. These percentages were set in 1921 on a sliding scale ranging from 7 per cent to 3 per cent as the gross amount of money wagered increased. The percentages were based on a study of race-track costs and revenues at that time, and there has been no change in them since 1921. Over the intervening years the total amount wagered at various race tracks has fallen off sharply, so that in 1947, for instance, the amount wagered at one of the major tracks had fallen off 40 per cent from the 1921 figure.

Gate receipts, the other source of revenue open to the racing associations, has fallen by an even greater percentage since 1921. That year is used because it is the year when the original act was passed and the percentages that could be withdrawn from the amounts wagered were determined.

This severe reduction in revenues has been accompanied by higher operating costs of the tracks. Further, because of the present high cost of feed, stable keep, etc., the purse money which the associations must pay to the owners of horses cannot be reduced much below the 1921 level. It is therefore proposed to give a measure of relief by increasing the racing association's percentages of the pari-mutuel revenue by 2 per cent over the sliding scale, as set out in the bill. Honourable senators, that is as much information as I have on the subject.

The motion was agreed to and the bill was read the second time.

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Tomorrow.

DIVORCE BILL

FIRST READING

Hon. Mr. ASELTINE presented the following bill:

Bill M-11, an Act for the relief of Paul Charbonneau.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ASELTINE: With leave of the Senate, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 3, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

OILS AND FATS

NOTICE OF INQUIRY

Before the Orders of the Day:

Right Hon. Mr. MACKENZIE: Honourable senators, I have not yet become familiar with the procedure in this chamber, but next Tuesday evening I should like to have the privilege of asking some twenty-five or thirty questions, some of which may require to be passed as orders for return, dealing substantially with the question of oils and fats in Canada and other countries. There was recently a discussion on that subject in this house, but my questions will make no mention of that particular discussion.

Hon. Mr. HAIG: Does the honourable gentleman not intend to put the notice on the Order Paper?

Right Hon. Mr. MACKENZIE: I will be most happy to do so. Would my honourable friend be satisfied if it appeared on the Order Paper tomorrow? I may say that the questions are prepared now, but the answers will not be ready.

Hon. Mr. HAIG: As I understand the rules, the notice should have appeared today; but I for one am quite willing to waive any technical objection so long as my honourable friend places the questions on the Order Paper in time for study before next Tuesday night.

Right Hon. Mr. MACKENZIE: I shall be happy to comply with that request.

The Hon. the SPEAKER: The procedure is covered by Rule 21. It reads as follows:

> When a senator wishes to give notice of an inquiry or motion, he reduces the notice to writing, signs it, reads it from his place during a sitting of the Senate, and hands it in at the Clerk's table.

I assume that the honourable gentleman will file his notice and make the information available for the consideration of honourable senators.

BUSINESS OF THE SENATE

RULES AND PROCEDURE

Right Hon. Mr. MACKENZIE: Honourable senators, may I be permitted to make a statement concerning the expedition of business in this house? I have spoken to the honourable leader of the government on the matter. The honourable leader opposite (Hon. Mr. Haig) quite properly made the comment recently that there are three or four major measures now being considered in a committee of the other house. Of course that committee must report to that house, which in turn will take such action as it deems proper.

I wish to stress in a non-partisan way the importance of expediting the measures being considered by the Committee on Veterans Affairs of the other house. To avoid the criticism frequently made, that the Senate is the cause of delay in considering legislation, every attempt should be made at the earliest possible moment to enable honourable senators to familiarize themselves with the terms of the legislation which is to come before them. With all kindness and respect I would ask the honourable leader of the government (Hon. Mr. Robertson) to point out to his colleagues in the administration the necessity for placing new legislation before us at the earliest possible moment, so that it may receive the sympathetic and thorough consideration which it deserves.

In accordance with the suggestion made by the honourable leader opposite (Hon. Mr. Haig) I wish to give notice that on Tuesday evening next I intend to present a comprehensive proposal for the reform of the rules and procedure of this chamber.

The Hon. the SPEAKER: I presume that the right honourable gentleman will file notice to that effect.

Right Hon. Mr. MACKENZIE: It will appear on the Order Paper in ample time for consideration.

Hon. Mr. HAIG: Honourable members, since my friend has referred particularly to me, may I be permitted to say that we in this house, because of the practice in the other place of pushing legislation through in the last three weeks of the session, have always laboured under great difficulties. His Honour the Speaker will recall that when he occupied the position of leader of the government here

every attempt was made to have legislation brought before us, sometimes unofficially, at an early date. This house has always consented unanimously to the subject-matter of a bill being discussed before the bill came to the house.

I call the attention of the honourable senator from Vancouver to the fact that this house has always laboured under the difficulty that the other house, instead of putting through a limited number of bills and sending them to us for consideration, advances all its legislation together. I believe we could give much better service if their legislation were sent forward as soon as it was passed. If one sits in the gallery of the other place one will observe that when an hour or two has been devoted to some particular subject, the house will report progress, ask leave to sit again, and go on to some other matter. I do not presume to criticize this procedure; but, because of it, those of us who have the responsibility of offering at least some criticism of government legislation are under a tremendous handicap.

Although we are now within four weeks of adjournment, the major legislation of the session is not yet before us. I know of nothing more important than the legislative program affecting veterans, yet so far from it having arrived here, it has not been taken up in the other house. The only suggestion I can make is that we should follow the practice, introduced by His Honour the Speaker when he was leader of the government in this house, of having a committee meet and consider legislation even though it be not formally before us.

Hon. Mr. HAYDEN: It may be substantially changed while in the other place.

Hon. Mr. HAIG: I know, but we could at least consider the principle involved. Like the honourable senator from Vancouver (Right Hon. Mr. Mackenzie) I have been much disturbed by this state of things. Indeed, the longer I sit here the more I am disturbed, because of the reactions I meet at home. When I go back to my own people they ask me, "What did you say about this matter and that matter?" I reply, "Honestly, I must tell you that it did not get before us until ten o'clock in the morning, and we adjourned at six o'clock in the afternoon. We did not have time to consider it." They say, "Whose fault is that?", and I tell them, "It is the fault of the other place." "The House of Commons" is the expression I use when I am in my own bailiwick.

Hon. Mr. EULER: Why not say it here?

Hon. Mr. HAIG: I understand it is against the rules to say it here.

Right Hon. Mr. MACKENZIE: Am I permitted to speak again?

The Hon. the SPEAKER: With leave of the Senate.

Right Hon. Mr. MACKENZIE: With leave of the Senate, I will add that I entirely concur in the remarks of the leader of His Majesty's loyal opposition in this house. Honourable senators, of course, may and probably will differ with me, but I wish to have the opportunity of moving a comprehensive resolution dealing with the whole structure of the rules of this house. I would add at once, with deference to His Honour the Speaker, because he has not been here very long, but longer than I have, that the rules of this chamber are the worst—absolutely the worst—of any parliamentary chamber in the world.

Hon. Mr. EULER: That is covering a lot of territory.

Right Hon. Mr. MACKENZIE: If an honourable senator wishes me to substantiate that statement I shall be very glad to do so.

Hon. Mr. ASELTINE: The honourable senator will find, after he has been here a little while, that the rules work very well.

The Hon. the SPEAKER: I understand that my right honourable friend is giving notice that he will introduce a motion for amendment of the rules of the house. If so, he should refrain from speaking now, and wait until the motion is before the house.

Right Hon. Mr. MACKENZIE: I am entirely content to abide by Your Honour's decision.

ADJOURNMENT

Hon. WISHART McL. ROBERTSON: Honourable senators, before the Orders of the Day are proceeded with, I would inform honourable senators that it is my intention this afternoon to ask that when the house adjourns today it stand adjourned until Tuesday night next at 8 o'clock. As honourable senators know, Monday, June 7, is a holiday; also it is the date of the Ontario provincial election, and honourable senators who are politically minded and eligible may desire to record their votes. I may say, however, that it is entirely likely that we shall sit on Tuesday, Wednesday, Thursday and Friday of the following week. I mention this now because on some occasions in the past it has been our practice to expedite our work in order to adjourn on Thursday evenings.

HOUSE OF COMMONS BILLS

FILING SYSTEM

Right Hon. IAN MACKENZIE: Honourable senators, may I rise to a question of privilege? I wish to refer to the absolute inadequacy of the system of filing bills for the information of honourable members of this house. I should like the Committee on Internal Economy, in co-operation with his honour the Speaker and the two leaders, to give careful and earnest consideration to having made available a loose-leaf file for every single bill that comes from the other house for consideration each day. The only way that I can discover—

The Hon. the SPEAKER: Order. What is the question of privilege?

Right Hon. Mr. MACKENZIE: The question of privilege is that as a member of this house I have not the proper access to information until I receive it from the clerk when I enter this chamber. I maintain that I am entitled to have the bills before they are considered by this house.

The Hon. the SPEAKER: Honourable senators have facilities now. The right honourable senator has indicated that he is going to ask for a change of the rules. That is the time for him to make his speech.

Orders of the day!

CRIMINAL CODE (RACE MEETINGS) BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill J-11, an Act to amend the Criminal Code (Race Meetings).

The motion was agreed to, and the bill was read the third time, and passed.

MAIL CONTRACTS SUPPLEMENTAL PAYMENTS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 313, an Act to amend the Mail Contracts Supplemental Payments Act.

He said: The purpose of this bill is to extend for one year the authority to pay supplemental bonuses to rural mail contractors. It will be recalled that parliament dealt with this matter last year, and granted authority for these payments for a one-year period. It is hoped to get away from these bonuses as soon as possible, but under present conditions it is considered necessary to continue them until March, 31, 1949.

As honourable senators know, the usual procedure in placing contracts for rural mail delivery is to call for tenders. These contracts are let for one year, and in most cases are renewed at the same rate from year to year. Otherwise, tenders are again called for and new contracts are let. During the war the rising costs of mail delivery and a rising standard of living made many of the existing contract rates unprofitable. In order to prevent a wholesale surrendering of contracts and the consequent calling of new tenders, which would be unfair to the present contractors, the Post Office Department was given authority to pay supplemental bonuses above the contract rate in cases where it was satisfied that such bonuses were necessary. This was done first by order in council, and in 1947 by statute.

These supplements have been paid on 2,297 contracts, increasing the old contract rate of $1,704,248 by 39·3 per cent to $2,374,916. In addition, tenders have been called on 1,032 contracts since April 1, 1947, and the new rates set by the lowest of these tenders have increased the cost of rural mail delivery by 37·7 per cent, substantially the same percentage of increase as that brought about by the payment of bonuses.

It is considered that the bonus system has served a useful purpose over the years of rising costs in providing to holders of mail contracts some security with a reasonable return. But an early return to the tender system is desirable, and accordingly parliament is being asked to authorize these bonus payments for only one more year.

Hon. Mr. HAIG: If I remember what was said last year, application has to be made for these supplemental payments. That is to say, the government does not make them without request.

Hon. Mr. ROBERTSON: That is right. And I take it that not all the requests are granted, for no doubt the cost of rendering these services has been pretty accurately determined over a long period of time. As already pointed out, where supplemental payments have been considered justified the average rate of increase has been approximately the same as in the case of new contracts based on tenders.

The motion was agreed to, and the bill was read the second time.

MARITIME MARSHLAND REHABILITATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 328, an Act respecting the Reclamation and Development of Marshlands in Nova Scotia, New Brunswick, and Prince Edward Island.

He said: Honourable senators, I have asked the honourable gentleman from Kings (Hon. Mr. McDonald) to explain this bill. He is keenly interested in the measure, not only because it affects his own constituency, as indeed it affects the constituencies of other senators from the Maritimes, but also because as Minister of Agriculture in the Government of Nova Scotia he was active in the campaign on behalf of this reclamation project. It is a privilege, therefore, to be able to avail ourselves of his wide knowledge and experience.

Hon. JOHN A. McDONALD (Kings): Honourable senators, I wish to thank the leader of the government for his compliment in asking me to explain this bill. I know that the subject-matter of the bill has been studied by every senator, and frankly I feel that any one of my colleagues from the Maritimes could make a more effective explanation than I can. I well remember an occasion when the honourable gentleman from Westmorland (Hon. Mr. Copp) took me over a large section of marshlands on the border between the provinces of Nova Scotia and New Brunswick and recalled having seen there in his younger days luxuriant crops of grass and grain. At the time I saw the lands they were producing a sparse crop, and the senator explained that this was because the river bed had filled up with silt deposited over long years by the tides that come in twice a day.

While referring to those who have taken a special interest in the reclamation of these lands I should like to mention at least two senators from parts other than the Maritimes. I think that in all fairness it should be pointed out that one of the first who publicly advocated reclamation was the honourable senator from Ottawa (Hon. Mr. Lambert), who was speaking on behalf of the Rehabilitation Committee of the Department of Agriculture. And I wish to compliment the honourable gentleman from Cariboo (Hon. Mr. Turgeon) who, as chairman of the Rehabilitation Committee of the House of Commons did outstanding work in support of the Nova Scotia government's request that something be done to develop these rich lands. I think he will agree with me that in that matter he had the backing of every member of the committee. May I add that another outstanding contribution has been made by the honourable gentleman who represents Cumberland in another place.

Honourable senators, between seventy and eighty thousand acres of marshlands in the Maritimes—perhaps seventy thousand is a nearer estimate—have been reclaimed from the sea. Aboiteaux were built first by the French Imperial Army some two hundred years ago, and about one hundred years later by the British Imperial Army. These dykes were well established when Longfellow's famous poem *Evangeline* was written, in 1757. Describing the dykelands of Grande Pré, Longfellow says:

> Vast meadows stretch to the eastward, giving the village its name, and pastures to flocks without number; dykes that the hand of the farmer has raised with labour incessant shut out the turbulent tides, but at stated seasons flood-gates open and welcome the sea to wander at will over the meadows.

Also Thomas Chandler Haliburton in his *Sam Slick the Clock-Maker* compares these lands very favourably with the prairies of Illinois, with which of course the versatile and much travelled Yankee "Sam Slick" was very familiar.

I think it is safe to say that these marshlands —or dykelands, as we prefer to call them in the Maritimes—are the best agricultural lands that we have in that part of Canada. They can be made to produce very fine crops of hay and grain and, when well drained, excellent crops of vegetables. They are also highly suitable for pasturage.

The value of these lands has fluctuated. I well remember when our first-quality dykeland sold for as much as $300 an acre. From twenty-five years ago to fifty years ago it was worth between $150 and $200 an acre. During the past twenty-five years it has depreciated to a present value of from $50 to $100 an acre. Of course, land that is almost completely waterlogged, and where only broadleaf grows, can be bought for from $10 to $25 per acre.

May I be permitted to relate a personal experience which will illustrate the value of the dykeland to the farmers in that area? During the war I received a letter from the Department of Munitions and Supply asking me to find out whether or not the Grand Pré dyke area could be confiscated and used as a proving ground for testing live shells. Not knowing the source of the inquiry, the next time I was in Ottawa I called on the officials of the department, and was informed that the recommendation had come from two gentlemen from England who had flown over the

area from Quebec east in search of a suitable field for their purposes. When they got over the dyke at Grand Pré they looked down on this large expanse of about 2,300 or 2,500 acres of what looked like pasture land. It was in the fall of the year, and there probably were a lot of cattle in the fields. It appeared to be a suitable spot for testing live ammunition.

I approached these two gentlemen and asked them what they expected the land would cost. They replied that it appeared to be only a bit of pasture land and should not cost much. I told them in all fairness that they would likely have to pay $75 to $100 an acre for it; furthermore, that they should take into consideration that if that land was converted to their purposes they would destroy a good deal of farm land in the surrounding area. I asked them where they intended placing their guns to fire live ammunition. Honourable senators who are familiar with the location will recognize the position when I say that they intended to place their guns by the Grand Pré park, just north of the station, and shoot out to sea. I pointed out that if they punctured holes in the dyke, following the next high tide even their guns would be covered with water. I think that incident brings home to us the value of these marshlands.

In recent years some of the dykes and aboiteaux have been damaged by constant pressure from tidal waters. During the depression years their maintenance was seriously neglected, and it was in the late thirties that we first realized that some government action would have to be taken to save this valuable property. At that time we formed a committee composed of the Superintendent of the Experimental Station at Nappan, the Provincial Chemist at the Agricultural College at Truro, who acted as secretary, a representative from the engineering division of the Department of Agriculture and one from the engineering division of the Department of Highways, as well as a number of representatives of the farmers. A similar committee was set up for the province of New Brunswick.

I should like at this point in my remarks to pay my respects to the Minister of Agriculture for New Brunswick and his deputy for the splendid co-operation they have given us and the Dominion Government in this and other matters of mutual concern.

In recent years these two committees have acted as one body under the chairmanship of the Superintendent of the Experimental Farm at Nappan, with the Provincial Chemist from Truro acting as secretary. This body has approached the Dominion Government for financial assistance in order to repair damage to dykes and aboiteaux. During the war years the Dominion Government took the stand that the renewing of dykes and aboiteaux should be a post-war project which would give employment to numbers of people who would otherwise be unemployed. Therefore, the most it thought it wise to do during the war years was to contribute on an equal basis with the province and the land owners to the repair work necessary to keep the lands from flooding. The policy of the federal government at the present time is to contribute one-third of the cost, the other two-thirds being contributed equally by the province and the land owners. On the passing of this bill the new regulations will become effective.

Hon. Mr. EULER: What is the present anual cost of repairs?

Hon. Mr. McDONALD (Kings): It amounts to about $200,000, to be divided three ways.

Hon. Mr. HAYDEN: What is the total acreage affected?

Hon. Mr. McDONALD: About 70,000 acres of land, already dyked, and I have intimated that there might be another 20,000 acres which could be reclaimed. I should like to say that not all of the land that has been dyked is by any means out to sea. For instance, at Grand Pré the dyke commissioners and owners keep their aboiteaux in repair, with the result that their land is fairly productive. In the Cumberland area there is a large block of land back of the town of Amherst which today, because of the dykes having gone out, has become entirely non-productive. There is a similar block at Wolfville, Nova Scotia, where the dyke was allowed to go out. I have been told by engineers that these dykes could have been saved by breakwaters. That is the reason the bill makes reference to breakwaters. I believe that by proper drainage much valuable land now under cultivation can be made more productive and that land not now being tilled can be put under cultivation.

Honourable senators will note that by section 3 of the bill the minister has authority to construct and to reconstruct dykes and aboiteaux in this area.

Hon. Mr. LEGER: That act would not apply to the sewers?

Hon. Mr. McDONALD: No. This refers only to the dykes and aboiteaux in the Bay of Fundy area, which extends from the coun-

ties of Albert and Westmorland in New Brunswick through the counties of Cumberland, Colchester, Hants, Kings and Annapolis in Nova Scotia.

Hon. Mr. HAYDEN: Does it not also go into Prince Edward Island?

Hon. Mr. McDONALD: There is a small area in Prince Edward Island which, I understand, the engineers believe can be made more productive if work is done there as well as in the provinces of Nova Scotia and New Brunswick.

Hon. Mr. LEGER: It is not presumed, then, to end in the drainage of the marsh. There is no provision for construction of sewers; the measure is only for the construction of dykes and aboiteaux and breakwaters. It is only proposed to stop the water from coming in; there is no provision to drain the marsh?

Hon. Mr. KINLEY: That is a provincial matter.

Hon. Mr. McDONALD: I am coming to that. At the moment I am dealing only with the work which it is proposed that the federal government shall do. They will look after the building of the dykes and the aboiteaux to shut out tidal waters from these dyke-lands.

Hon. Mr. LEGER: They propose to deal only with the high seas, so to speak.

Hon. Mr. McDONALD: The tidal waters, yes. It is proposed to keep out the water from these dyke-lands.

It is estimated by the federal minister that this proposed expenditure will amount to $3,210,000, the details of which, with the permission of the house, I will place on *Hansard*:

30 miles new dykes at $10,000 a mile	$ 300,000
70 miles heavy reinforcing dykes at $6,000 a mile	420,000
200 miles medium and light reinforcing dykes at $2,500 a mile	500,000
10 very large aboiteaux at $80,000 each	800,000
20 large aboiteaux at $30,000 each	600,000
35 medium size aboiteaux at $6,000 each	210,000
200 small aboiteaux at $1,000 each	200,000
200 breakwaters at $700 each	140,000
80,000 acres, surveys and plans at 50 cents per acre	40,000
Total	$3,210,000

It is also proposed that the provinces should look after the expenditures, estimated at $4,230,000, to cover the cost of constructing, straightening, digging or cleaning laterals, sub-laterals and dale ditches. This cost is made up as follows:

50 miles large canals at $10,000 a mile	$ 500,000
130 miles large creeks at $5,000 a mile	650,000
120 miles of laterals at $4,000 a mile	480,000
600 miles of sub-laterals at $2,000 a mile	1,200,000
7,000 miles of dale ditches at $200 a mile	1,400,000
Total	$4,230,000

The third division of expenditures proposed is to be undertaken by the dykeland owners. About 70,000 or 80,000 acres are to be replowed, limed, fertilized and re-seeded at $18 per acre, or a total of $1,440,000. The combined total of these three divisions of expenditure is $8,880,000. As I recall, in 1945 I had an estimate made of these expenditures, and I believe it was considered by the advisory committee of which I have spoken, and with whom, in the capacity of an advisory organization, the minister proposes to deal if this bill becomes law.

That earlier estimate amounted to only $7,277,000, but it was computed at a time when wages and costs were not as high as they are today. It is believed that, depending on how much is accomplished each year, from five to ten years will be required to complete the work. The minister is reported to have expressed the hope that his part of the operation, namely, the building of the dykes and the aboiteaux, can be completed in a much shorter time. That is work for which the Dominion Government will assume the responsibility.

I should like to see this bill go to the Committee on Natural Resources, where the Director of Experimental Farms, Dr. Archibald, could be questioned in detail about this legislation. Dr. Archibald has been very helpful over the years in the maintenance work that has been carried on by the dominion and the provincial governments, and I think that we would benefit greatly by being able to question him and get his advice on this legislation. I think we should ascertain, if possible, the degree of co-operation which the provinces will give in the dredging and digging of larger canals and ditches. I think that the heavy equipment which is now owned by the Dominion Government, and other equipment which it will be necessary to purchase, would have to be used by the provincial governments in the digging of these larger canals and ditches; and it is to be hoped that the federal Department of Public Works will co-operate with the provincial departments in making this heavy equipment available for provincial use.

Hon. Mr. EULER: Is there any assurance that the provinces will do their share as outlined in the honourable senator's remarks?

Hon. Mr. HUGESSEN: Nothing can be done until they do.

Hon. Mr. EULER: No, but have they given any assurance?

Hon. Mr. McDONALD: I would advise the honourable senator from Waterloo (Hon. Mr. Euler) that the Dominion Government have undertaken to do what the provinces of New Brunswick and Nova Scotia have asked them to do. The one exception relates to the digging of the main ditches. The provinces of New Brunswick and Nova Scotia asked the Dominion Government if they would dredge these larger ditches as well as look after the building of dykes and the aboiteaux. That is the only possible difference which may be involved.

Hon. Mr. EULER: There is a third element —the amount to be contributed by the owners. Can they be compelled to pay their share?

Hon. Mr. McDONALD: I am glad the honourable senator has raised that question. The only answer I make is that I think the provinces which are entering into agreements with the dominion in this matter should have uniform marsh legislation; and that any owner who was not interested enough to carry out his part of the bargain might well be required to surrender ownership to somebody else. If the owner of a dyke failed to look after his property he might endanger the property of his neighbours.

Hon. Mr. HUGESSEN: Could not the owners be assessed and taxed, as is done in connection with other public works?

Hon. Mr. McDONALD: That is the practice at the present time, and when the work is done the bill is sent to the owner of the property. I think the procedure might be carried a stage further, to provide for forfeiture of the land when the owner will not pay his bill or give proper attention to his land.

Hon. Mr. EULER: It would be for the provinces to enact legislation of that kind.

Hon. Mr. McDONALD: Yes.

Hon. Mr. HAIG: I have no doubt that the honourable senator from Waterloo (Hon. Mr. Euler) and the honourable senator from Alma (Hon. Mr. Hugessen) asked the honourable senator from Kings (Hon. Mr. McDonald) some very fine questions; but unfortunately we did not hear the questions, and certainly we did not hear the answers.

Hon. Mr. ASELTINE: In other words, we cannot hear you. Speak louder.

Hon. Mr. EULER: If I had put my questions while facing the leader of the opposition, the honourable senator from Kings would not have heard me.

Hon. Mr. HAIG: If you had spoken loud enough I would have heard you.

Hon. Mr. EULER: You will see it in *Hansard* tomorrow.

Hon. Mr. HAIG: I want it now. I want to know what the honourable senator from Kings has been saying.

Hon. Mr. McDONALD: I am sorry if I did not speak loudly enough.

Hon. Mr. HAIG: I am in this difficulty, that possibly I shall have to vote against the bill if I do not know about it. An expenditure of $4,000,000 is proposed, and I cannot consent to the expenditure of that amount of money without knowing what it is for.

Hon. Mr. McDONALD: I should like to remind honourable senators of the large amount of western Canada feed that has been taken by the Maritimes since 1941. From October of that year to last April there have been brought from the West to Nova Scotia, 1,012,228 tons, to New Brunswick 895,616 tons, and to Prince Edward Island 291,453 tons.

I am sure you will all agree that this is a large amount of feed to be taken into the Maritime Provinces from western Canada. It points to the need of increasing the production of feed grain in the Maritime Provinces. I believe that if this legislation is passed and these most productive lands are put into a good state of cultivation, we can increase the amount of grain that we produce for livestock feeds.

There is another point which I should like to mention. I feel—and I say this as a friend of the dairy farmers—that the government, in paying the freight on livestock feeds from the head of the lakes in recent years, has been fairly generous, and I want to take this opportunity of thanking the government and the Minister of Agriculture for extending this policy for another year. I hope that it may become permanent, because it is necessary, especially for the farmers of the Maritime Provinces. Also as a friend of the dairy farm-

ers, I should like to say that the Senate has been fairly generous to them, particularly in the last three years.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McDONALD: I should think they must realize that they cannot continue for a long period of time to have their very valuable product in short supply without having to meet the competition of a cheap substitute.

Hon. Mr. EULER: Hear, hear.

Hon. Mr. McDONALD: I realize that it is not as easy for them to increase their production now as it was in the years before the government gave subsidies for the production of fresh milk, or butter fat, or for the manufacture of cheese to be sold to Great Britain. I well remember, though, when we did have a surplus of butter in Canada. I recall coming to Ottawa and asking the Minister of Agriculture if he would not take five to ten million pounds of butter and send it to Britain, to prevent our prices from falling too low. I did not succeed, and the price went to 22 cents a pound, much below cost of production, where it remained for some time. Dairy farmers in their own interest should now make a determined effort to increase their output, so that there will not be a shortage.

Right Hon. Mr. MACKENZIE: What year was that?

Hon. Mr. McDONALD: That was in the 1930's. I have not the information here in my records, but I can certainly get it for the right honourable gentleman.

I am sure other honourable senators would like to be heard on this subject, and in closing I would again express the thankfulness which I know the farmers feel that this legislation has been brought before parliament. I am certain that I am voicing their sentiment when I say they are very grateful to the government, to the federal Minister of Agriculture and to the ministers of agriculture of the three Maritime Provinces. They have done something that the rest of us could not accomplish.

Hon. J. J. TURGEON: Honourable senators, I rise to say a few words on this bill, not because I was born in the Maritimes nor because I now live in and represent part of the flood-damaged province of British Columbia. I speak now because, as was so kindly pointed out by the honourable senator from Kings (Hon. Mr. McDonald), I had the honour and privilege of being chairman of the House of Commons Committee on Reconstruction, which dealt with the marshlands problem of the Maritime Provinces. I may say that the right honourable senator from Vancouver was a valued member of that committee. Also, sitting concurrently with that committee was a Senate committee presided over by the honourable member from Ottawa (Hon. Mr. Lambert). When delegates appeared before our committee the chairman of the Senate committee acted as co-chairman with me.

The House of Commons committee sat for three years, and the honourable senator from Kings, who was then Minister of Agriculture for Nova Scotia, appeared before the committee in April 1943 and presented the best evidence the committee had ever received. It referred generally to agricultural conditions in the Maritime Provinces and specifically to the marshlands problem of those provinces. Both in and out of this chamber I have seen persons who were referred to in that evidence, and who had worked consistently and hard in order to help solve the marshlands problem. In June of 1943, just two months after the honourable senator from Kings appeared, the committee made its report to the other house. This report, after referring to agricultural conditions, set out the following recommendation:

> Our studies have convinced us, however, that in many respects Canada's agricultural life would be greatly improved if the general provisions of the Prairie Farm Rehabilitation Act could be applied to all of Canada. We, therefore, recommend that the government consider the advisability of submitting to parliament legislation that will so amend the Prairie Farm Rehabilitation Act as to make its provisions available throughout Canada in the same manner as they now apply to certain parts of the three prairie provinces.

I appreciate what the honourable senator from Kings said about the committee, and I appreciate the fact that the initial steps are now being taken towards carrying out one of the recommendations contained in its report.

Honourable senators, just as the Maritime Provinces have for many years occupied an unfavourable agricultural position because of tidal waters ravaging so much of their fertile land, so in British Columbia today there are wide areas of land that without question are going to require legislative assistance under the general provisions of the Prairie Farm Rehabilitation Act. There are three large areas of British Columbia in which damage amounting to many millions of dollars has already been done—one along the Canadian National transcontinental line from McBride to Prince Rupert, one in the agricultural and partly industrial area of the Kootenays, of which Trail is the industrial centre, and the third in the great Fraser river valley—and I am hoping that before long parliament will be considering a rehabilitation act specifically covering the damage in those areas.

Right Hon. Mr. MACKENZIE: Hear, hear.

Hon. Mr. TURGEON: I have already read that part of one of the reports of the House of Commons Committee on Reconstruction which recommended extension of the Prairie Farm Rehabilitation Act, and I call particular attention to the words used:

We, therefore, recommend that the government consider the advisability of submitting to parliament legislation that will so amend the Prairie Farm Rehabilitation Act as to make its provisions available throughout Canada in the same manner as they now apply to certain parts of the three prairie provinces.

That was not the exact wording used in my original draft of that section of the report as submitted to the committee. The draft recommendation was that the act be made to apply to all agricultural portions of Canada. However, some members of the committee suggested that the act should not apply automatically, but that its provisions should be made available throughout Canada, and the measure before us now seeks to make those provisions applicable to the marshlands of Nova Scotia, New Brunswick and Prince Edward Island.

In closing I want to say a word in tribute to the thirty-four members who with me constituted that Committee on Reconstruction. All parties were represented—Liberal, Conservative, C.C.F. and Social Credit—and one member was an Independent. We held sittings in three consecutive years—sometimes when parliament was not in session—and on no single occasion did the spirit of party politics enter into our deliberations. Some honourable senators listening to me now can bear me out in that.

I am happy to think that we are far from the end of an extension of the provisions of the Prairie Farm Rehabilitation Act.

Hon. J. J. KINLEY: Honourable senators, I am an enthusiastic supporter of this bill. I want that statement on the record, for the people of the Maritime Provinces are intensely interested in the reclamation of these marshlands. It happens that in the part of Nova Scotia where I live the shores are high and rugged and there is no danger of invasion by the sea, but other parts have for generations been menaced by the tides twice a day—or, strictly speaking, twice in every twenty-four hours and forty-nine or fifty minutes. The water does not always rise to the same height. It is not so high during neap tides, for instance, as when the spring tides are at their maximum. And tides often rise to high levels in times of strong winds and during the equinox. There are extremely high tides in the Bay of Fundy: with every incoming tide the ocean, backed up by the American coast, rushes up the bay with great force, and in some places the difference between high and low tide is fifty feet. It is not intended to control such tides as that. The object of the bill is largely to protect fertile lands that are usually above water and are flooded only on certain occasions, as during the spring tides or when there is a storm. These lands are to be reclaimed for agricultural purposes.

This is a very important project for Nova Scotia, because after all there is not too much tillable land in that province. The Dominion Government will co-operate with the governments of the Maritime Provinces in the building of dykes and aboiteaux. To be worth while a dyke must be capable of protecting the land against all eventualities. In each case the development of the lands, as well as their drainage by canals and other necessary means, will have to be done by the owners and the provincial government concerned.

I can assure the house that in Nova Scotia these lands will be developed and used for the advancement of agriculture. As I look back over the past it seems to me that agricultural and industrial development has been neglected in our province, while our people have laid great stress upon success in what are called the learned or intellectual professions. Many able men have made their mark in other parts of Canada and in the United States, and while we do not wish to stop the export of brains we do hope to improve local conditions so that there will be ample opportunity for our people to succeed in agriculture, which is the basic industry, even in Nova Scotia.

Thanks were expressed here this afternoon to the Senate for its generosity to the dairy industry. Well, there are two kinds of generosity; one consists in making a gift, and the other consists in not taking something away. It was the second kind in which the Senate indulged, and while there is nothing wrong with that I must say it is a kind of generosity that I used to consider not especially typical of Liberals.

As was pointed out this afternoon by the honourable gentleman from Kings (Hon. Mr. McDonald) the first dykes in Nova Scotia were built by the French. Anyone who goes through that country must be impressed by the industry and vision of those people, who when they came to this continent must have applied the result of their experience in the Low Countries of Europe. The French congregated in the part of Nova Scotia where the dyke-lands were available. The Acadians, before their expulsion—that blot on the history of this country so colourfully portrayed

in Longfellow's *Evangeline*—evidently lived an abundant and happy life until they were forcibly transported from their homes in the Land of Evangeline.

I do not say that the people of Nova Scotia would develop the marshlands sufficiently to justify the passing of this bill. They are so ambitious and eager for advancement that it is hard to keep them on farms. But we have an immigration policy, and people brought here from other countries may very well look at these lands and regard them as especially good. We must not think too lightly of our immigration policy. I am reminded that two hundred years ago my ancestors came to Nova Scotia from Hanover and from the British Isles. Immigrants also came from Scotland, and settled in Cape Breton and in Pictou county.

From Yorkshire they came to Cumberland and Colchester, two of the finest counties in Nova Scotia. Then the United Empire Loyalists came and contributed much to the Maritime Provinces. And we must not forget the French. They were here first. There are 70,000 Acadian French in Nova Scotia today. I was associated with them in public life for many years. In the provincial legislature at least five counties had French members. They were men of culture and refinement.

I think this bill represents a legitimate endeavour to do something for the agriculture interests of the Maritime Provinces. It is also an honest attempt to control the invasion of the sea on the east coast of Canada. It is not in any way setting a precedent or doing something for a particular class. In supporting the bill I wish to compliment the honourable gentleman who moved second reading (Hon. Mr. McDonald, Kings). For years he has been advocating such measures for the province of Nova Scotia. He lives in the part of the country directly affected by the problem. I am sure that everyone from that area will agree that he has been a big factor in bringing to a successful issue this fine effort at conservation of valuable lands.

Hon. Mr. PATERSON: May I ask the honourable senator a question? The purpose of this bill is, I believe, to create more feedstuffs so that the Maritime Provinces will be independent of western Canada. What will be done for us when we have a surplus of barley and oats? Will our Maritime friends help us to get markets to the south?

Hon. Mr. KINLEY: I would not put it just that way, but I think the farmers in Nova Scotia should raise more feed products. We should be more independent in the matter of supplying feed for our stock. I think the farmers in western Canada will find that as we in the East go forward we will need more of the products they have. One part of the country will not succeed and go forward without the other.

Hon. Mr. PATERSON: I know that my honourable friend from Winnipeg (Hon. Mr. Haig) did not follow that part of my friend's propostion, or he would have put the question first.

Hon. F. W. GERSHAW: Honourable senators, this bill is an extension of the Prairie Farm Rehabilitation Act, and as such I am sure we will all support it. It provides for the reclamation of some 70,000 acres of land.

In western Canada a half million acres of land has been reclaimed by irrigation, but there still remain a further million and a half acres that can be reclaimed at a comparatively low cost. There is one irrigation scheme by which 200,000 acres can be watered at a total cost of about $20 per acre. Irrigation would help to increase the food supply so desperately needed in the world today; it would make real homes for a great many people to enjoy. I do hope that in the development proposed in the provinces down by the sea the great need for irrigation in western Canada will not be lost sight of.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

LAND TITLES BILL

SECOND READING

Hon. Mr. ROBERTSON moved second reading of Bill I-11, an Act to amend the Land Titles Act.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, this bill proposes certain amendments to the Land Titles Act, which relates to the titles of properties in the Northwest Territories and the Yukon. The registry office for the Northwest Territories is located in Ottawa, and the one for the Yukon is in Dawson City.

The proposed amendments are of a technical nature and arise from the experience of the western provinces in their administration of the Land Titles Act. The bill contains about eight proposed amendments, only one of which

is of substantial importance. The amendments have for their background and justification similar provisions in the statutes of the western provinces which have proved to be of practical value. The only new provision in the bill is one which restricts the number of lots that can be included in one certificate of title. This change has become necessary for the reason that when an unlimited number of lots were put on one certificate so many entries were required that they became undecipherable. It is now proposed to limit the number of lots that may appear on one certificate. The bill also proposes that when a property is subject to mortgage or other encumbrance, the duplicate certificate of title shall remain on file in the Land Titles office and the mortgageee shall receive a certificate of charge.

Though neither the Northwest Territories nor the Yukon have municipalities such as we have, there is a provision requiring that the transfer of land sold for taxes be registered within two years from the date of sale. That is not an important amendment, but it does make the practice uniform. The bill also provides that where a woman holding property subsequently marries and desires to have the record of her marriage incorporated into the new certificate of title, some discretion is vested in the registrar to decide what evidence he requires in order to give that certificate of transfer.

There are some new forms; and then I come to the important provision concerning caveats. Any person who wants to question or to assert an interest in land or title to land can file a caveat. Under the present act that caveat will lapse at the end of three months. As I understand it, the practice in the western provinces is different. The purpose of the amendment is to bring this practice into line with theirs. If this amendment is passed the caveat will continue; it will not automatically lapse at the end of three months unless proceedings have been taken and are going along. The person whose property is affected by the caveat will have the right to serve a notice in the prescribed form, and the registrar can then determine whether the caveat shall be discharged or whether it shall be continued for a further limited period of time.

These, in substance, are the amendments. As I have said, they are not substantial nor, with one exception, are they very important; but they have the effect of modernizing the act and making it more uniform with the practice in the western provinces.

Right Hon. Mr. MACKENZIE: May I be permitted to congratulate my honourable friend who has just spoken on his most lucid explanation of this measure?

Hon. Mr. ASELTINE: The honourable senator from Toronto (Hon. Mr. Hayden) might have explained the difference between the old system of registration and the Torrens system, which is in force in the western provinces. We have found that it is a very fine system indeed. Whenever a deal goes through and a change of title takes place, all prior proceedings affecting the land are cancelled and the government guarantees the new title. A man can go out of the land titles office with the title in his pocket, instead of having to deal with a dozen deeds which may go back forty or fifty years. It is a splendid system, and it is too bad that it is not in force throughout Canada. I believe it has been partially adopted in British Columbia.

Right Hon. Mr. MACKENZIE: Yes.

Hon. Mr. HAYDEN: And partially in Ontario.

Hon. Mr. ASELTINE: I have noticed that a number of British Columbia deals which have passed through my office in the West are under this new system of land registration; but I do not remember any deals of that nature relating to Ontario.

I also wish to thank the honourable member from Toronto for the very lucid manner in which he has explained this bill. As he has said, the amendments are not of great importance, but they improve the act and bring it up to date; and that is exactly the kind of work we are here to do.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

MANITOBA NATURAL RESOURCES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill K-11, an Act to amend The Manitoba Natural Resources Act.

He said: Honourable senators, I have asked the honourable senator from Churchill (Hon. Mr. Crerar) to explain this bill.

Hon. T. A. CRERAR: Honourable senators, it will be within the memory of some members of the house that in 1930 the natural resources of the province of Manitoba, which before that date had been held by the Government of Canada in the right of the Crown, were transferred to the province of Manitoba. This was effected by an agreement between the Manitoba government and the federal government. The agreement of course had to be confirmed by legislation at Westminster, since an amendment of the British North America Act was necessary, and this was done.

Section 2 of the transfer agreement provided that the Manitoba government would recognize and carry out all the agreements made prior to the transfer of the resources and having to do with the sale of lands, timber licensing, water-power developments, and the like. Section 24 of the transfer agreement provided that the two contracting parties could vary the agreement by mutual arrangement; and it is under this section 24 that we are considering the present bill, which is intended to modify section 2 of the agreement, to which I referred a moment ago. That section provided for a continuation of the existing rights of parties who had in one way or another acquired them from the federal government.

We come now to another circumstance which has made necessary the amendment proposed in this legislation. During the year 1947 the Manitoba government appointed a commission which conducted a very full survey into the water powers of the province. This was necessary because, in the opinion of those competent to judge, Manitoba was nearing a point where it would be short of hydro-electric power. One of the recommendations made by the commissioner, who I might say was Dr. Thomas Hogg, for several years chairman of the Ontario Hydro-Electric Power Commission, was that there should be a consolidation of all hydro-electric power plants in Manitoba, under a single provincial authority which would have conferred upon it exclusive responsibility for development and operation.

Before the transfer of the resources in 1930 certain licences for the development of power on the Winnipeg river were given to the Winnipeg Electric Company and to the City of Winnipeg Hydro-Electric System. Under the powers granted in these licences the Winnipeg Electric Company and the City of Winnipeg Hydro-Electric System developed substantial amounts of power. If the recommendation of Dr. Hogg is to be carried out, it will be necessary to vary these arrangements so that the province may set up an authority that would have exclusive responsibility, not only for the development of new sites but also for the operation of existing power plants. It is proposed, therefore, to amend the original transfer agreement by amending section 2. I think the amendments are rather important.

As already stated, section 2 confirms the rights of parties who had secured licences for the development of electric power. It is now proposed to amend this section by adding several clauses to it, with the result that the rights enjoyed by the holders of the licences, confirmed by section 2 of the transfer agreement, may be somewhat changed. One of the amendments provides for the taking over of existing power plants. I need not deal with paragraph (a), but I particularly wish to draw to the attention of the house a point which has given me some concern. Paragraph (b) of the proposed amendments would read as follows:

> Now Therefore This Agreement Witnesseth That:
>
> 1. Paragraph two of the said Natural Resources Transfer Agreement is varied by adding at the end thereof, the following words:
>
> or except in so far as any legislation
>
> (b) is legislation providing for the taking, acquisition and purchase by agreement or compulsorily or otherwise or by expropriation of any indentures, agreements, licences,—
>
> and so forth.

The point that I think requires some clarification is the one concerning power being given to compulsorily take over existing plants such as the Winnipeg Hydro-Electric plant or the City of Winnipeg electric plant.

Hon. Mr. HOWDEN: Is the power given to the province?

Hon. Mr. CRERAR: Yes.

Hon. Mr. HOWDEN: Did it not already have that?

Hon. Mr. CRERAR: No. Under section 2 of the transfer agreement, which is still in operation, the province undertook to carry out the existing agreements for the sale of land, the licensing of water power and anything else outstanding when the transfer took effect. I understand the amendments proposed in the bill before us, are in the form which the province of Manitoba requested, and that the Dominion Government has tried to meet the wishes expressed in the draft submitted by the province. I believe that is the position. How far the parliament of Canada should confer power on the province of Manitoba to compulsorily take over a plant at any arbitrary value it might fix, is a matter that I think would require some consideration.

I presume this could be dealt with when the bill goes to committee, as I understand it will, in accordance with the intention of the honourable leader of the government in this house. But quite frankly, I do not like the principle of granting extraordinary powers to governments. If those words "or compulsorily or otherwise" had been left out, the provision would have been for the taking, acquisition and purchase by agreement or by expropriation, which is the ordinary way. I think this is a very important detail of the legislation now before us. When the bill goes before the appropriate committee of this house, inquiry can be made as to the reason why powers which appear to me to be rather extraordinary are being given to the province of Manitoba.

There is no question in my mind as to the value of the recommendation made by Dr. Hogg; but in the carrying out of these recommendations due regard should always be had for what is fair and reasonable in dealing with third parties. I should not for a moment wish to be considered as making any suggestion that the province of Manitoba would deal unfairly if these rather wide powers be granted. However, that is not the point. My objection is on the principle of the legislation. I think there is too much of a tendency these days to confer extraordinary powers on the executive arm of government. This has been done to such an extent that the need for parliamentary and legislative discussion has at times been more or less sidetracked, and that is a practice that I do not like.

Honourable senators, I trust that I have made reasonably clear what this bill proposes to do.

Hon. Mr. HOWDEN: I may have been misinformed, but it was my impression that the water power developments in Manitoba were leased to the government of that province from the Dominion Government, and were used preeminently by such companies as the street railway of the city of Winnipeg. I was of the opinion that in all those lease agreements there was a provision that the Government of Manitoba, or the Crown, in whatever right it might be, had the power to appropriate the developments at such times as it saw fit?

Hon. Mr. CRERAR: No. The particular licences referred to here, which are held by the Winnipeg Electric Company and the City of Winnipeg, were granted prior to the transfer of the resources. Under paragraph 2 of the transfer agreement it was stipulated that the rights which parties enjoyed under these licences should not be disturbed. This amendment to the transfer agreement has been introduced because of the need for additional powers in organizing the power resources of the province. I do not object to this, but I object on principle to giving the Government of Manitoba the right to compulsorily come in to the City of Winnipeg Hydro-Electric System, for instance, or the Winnipeg Electric Company, which is a private company, and say "We are going to take your hydro-electric generating plant, and we are going to pay you so much for it, and no recourse is open to you." I do not for a moment think the Government of Manitoba would do this; but it should not under these agreements have the power to do it.

At any rate, that is my reading of this measure. I may be wrong about it, and I should like to have the point cleared up in committee. Under section 2 of the original agreement the province has not the power to interfere with these licences. It is quite proper that it should be given power to expropriate, if necessary, or to purchase by agreement; but to me it seems doubtful that it should be enabled to take over properties or other things on its own terms.

Hon. Mr. COPP: It would be extraordinary if the province were enabled to do that without expropriation.

Hon. JOHN T. HAIG: Honourable senators, may I congratulate the honourable gentleman from Churchill (Hon. Mr. Crerar) upon stating the situation just exactly as it is. I should like to add a few words to what he has said, and then move the adjournment of the debate.

I agree entirely with my honourable friend's view that the Government of Manitoba will act fairly. I know the members of that government; I sat in the legislature with several of them, and I have the utmost confidence in them all.

In Winnipeg electrical energy is supplied by the Winnipeg Electric Company and the City of Winnipeg Hydro-Electric System. Let me refer first to the company. It is a private concern, and so that there may be no misunderstanding I will say at once that I own five shares of its stock. I have had it for about forty years and it is now worth around $25 a share. There are approximately a million other shares, so my holding is relatively small. The company generates power at two sites on the Winnipeg river, and it uses this power for two purposes: for the operation of the Winnipeg street railway and for sale to industrial and domestic consumers in the city and surrounding municipalities. In other words, the

company is a twofold concern. If it were taken over by agreement or expropriation everything would have to be included and the company's rights protected. One difficulty about this is that the electrical energy branch of the company pays, whereas the transportation branch normally does not pay, although it did show a profit during the war, when streetcar traffic was unusally heavy.

Next I want to mention the City of Winnipeg Hydro-Electric System. In my own house I have used hydro power ever since the system began operations, which I think was some thirty-six years ago.

Hon. Mr. ASELTINE: In 1911.

Hon. Mr. HAIG: There is an interesting history behind the installation of the hydro system in Winnipeg. Away back forty years or so ago the charge for domestic lighting in Winnipeg was 20 cents a kilowatt hour. Then the city council applied to the provincial government for permission to build a power generating site on the Winnipeg river, and the application was granted. In course of time a plant was erected and power generated—but I will skip the early record and come down to the present. The rate for lighting current in Winnipeg now is 3 cents a kilowatt hour; and for the current used in industry and household cooking it is 1 cent a kilowatt hour. There is no cheaper electrical power, I suppose, anywhere in the world. I do not know what rates are charged by the Winnipeg Electric Company, despite the fact that I own five of its shares.

Hon. Mr. HOWDEN: The rates are about the same as those of the hydro system.

Hon. Mr. HAIG: The rates of both are fixed by the Public Utilities Board, which also specifies the reserves that must be set aside for depreciation and various contingencies. Incidentally, I may say that there is very fine co-operation between the company and the hydro system, and in the last five years we have had very little interruption in the power service. If at any time there was a break in the hydro line the company took over and gave temporary service to the people affected and the hydro system reciprocated whenever there was a break in one of the company's lines.

Millions of dollars have been spent by the hydro-electric system on its power-generating sites, but after setting aside large reserves for depreciation and other purposes it still shows a very nice profit. Speaking without the book, I think that the net amount transferred back to the citizens last year was $1 million. When the new development on Slave falls is completed the net annual profit to the city will probably run to $3 million.

That is a lot of money. If the system is expropriated it will be difficult to convince the rural members of the legislature—and they number forty out of a total of fifty-five—that the city rates should not be raised in order that the rates in the rest of the province may be lowered. The power sites are all on the east side of the province, so current for the rural sections has to be transmitted through Winnipeg.

Hon. Mr. BURCHILL: Is there no power in the rural sections at all?

Hon. Mr. ASELTINE: There are some local plants.

Hon. Mr. HAIG: There are some local coal-burning plants, but the hydro developments are in the east. I agree with Dr. Hogg's recommendation that the generating of power should all be done by one body; but there are difficulties in the way. I would not blame rural members of the legislature for wanting cheaper power in their own districts. On the other hand, the rights of the citizens of Winnipeg must be protected. The increasing profits of the hydro system have helped considerably to reduce municipal taxes there. I am a senator from Manitoba, not from Winnipeg, but I want to see that the vested rights of the citizens of Winnipeg are protected. Down through the years the property of the citizens has stood as security for the money raised to build and develop the power sites and to generate electrical energy.

In the early days very few people foresaw the great development of electrical enterprises that we have witnessed. Let me tell you a little story to illustrate that. Sir William Mackenzie, the first president of the Canadian Northern Railway, was one of the original shareholders of the Winnipeg Electric Company. One day in 1903 he sent out an engineer with instructions to locate on the Winnipeg river a site where 5,000 horsepower could be developed. After some time the engineer reported that the only suitable site that he could find had a capacity of 25,000 horsepower. Sir William told him to make a further search and carry out his instructions or he would be fired. In the end that site had to be used, as none with a smaller capacity was available, and long ago it was absorbed in subsequent developments.

A great deal of electrical energy has been developed on the Winnipeg river. It is notable that the river rises in the Lake of the Woods which is controlled by the international waterways agreement. The flow of water from

Minnesota into the Lake of the Woods is controlled, and there is a constant flow into the Winnipeg river. For twelve months in the year the flow is kept as nearly equal as it is humanly possible to keep it. At this time of year, when water is normally high, it is held back by dams, and in the low-water season of February and March it is allowed to flow in to supply the power sites. This arrangement is the result of many years of negotiation between Manitoba, Ontario, the Dominion Government and the Waterways Commission of the United States. In this respect the two power companies in Winnipeg have done a good job. I do not recall what party was in power in Ottawa when the arrangement was made, but it also did a good job. Now we do not wish to lose this development without being paid a fair and reasonable price for it.

I agree with the honourable senator from Churchill (Hon. Mr. Crerar) that we should not allow the government to say that it has the right to take it anyway. If an agreement is arrived at, or if the parties arbitrate, that is very well. I do not think that anyone should be asked to go further than that. For instance, we say to labour and to capital that they must arbitrate: we also say to the dominion authorities that before they take possession of a piece of property they must arbitrate. When I am sitting around a table representing, for instance, the Winnipeg Electric Company or the city of Winnipeg, I do not wish to be told, "If you do not agree to this proposition we are going to take the property anyway." Under those circumstances I would not be in a position to dicker. The honourable member from Churchill (Hon. Mr. Crerar) properly points out that this house should not agree to granting such authority. We are here as a safeguard against that kind of thing.

Right Hon. Mr. MACKENZIE: May I ask a question?

Hon. Mr. HAIG: Yes.

Right Hon. Mr. MACKENZIE: Is this bill similar to the legislation which came before the Senate recently from Saskatchewan with regard to pipe lines?

Hon. Mr. HAIG: There is a similarity, and we are holding up that particular legislation because of the objection which I now raise. We say that Alberta and Manitoba must be satisfied before we can go ahead.

In conclusion, I am asking for a delay in the passing of this measure because I have sent copies of the bill to the Mayor of Winnipeg and to the chairmen of the various committees of council, and have asked if they wish any representation made. I am not trying to block the provincial government, but I want to do my duty as a senator from Manitoba. The people who developed this organization over the past twenty, thirty or forty years, never received a nickel from it. The aldermen of my city who put this thing through did so in the face of a good deal of opposition. The ratepayers felt that their money was being squandered and that they would never get any revenue back. It did look that way in the early stages, and if the property is to be expropriated now, the citizens who put their money and energy into the development are entitled to protection.

With the consent of the house I move the adjournment of the debate.

Hon. Mr. ROBERTSON: Before the motion is put, may I ask my honourable friend whether there was any opposition raised by the city of Winnipeg or the Winnipeg Electric Company when the agreement was before the legislature of Manitoba?

Hon. Mr. HAIG: I know that the Winnipeg newspapers did raise some question about it, but I am not in a position to answer my friend's question.

The debate was adjourned.

BANKRUPTCY BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill L-11, an Act respecting Bankruptcy.

Hon. Mr. ROBERTSON: Honourable senators, in asking that this item be allowed to stand I should perhaps make a brief explanation. Honourable senators know that when a bill as voluminous as this one is introduced at this stage of the session the primary purpose is to give it a wide distribution among interested parties. There is no intention of asking parliament to consider the measure at this time. I may say that copies of the bill in French will not be available until next week. It may not be necessary for me to ask the house to give second reading to the bill. The only purpose in doing so would be to permit a committee to study the measure and to hear representations from interested parties.

Hon. Mr. ASELTINE: Is this the same bill that came before the Senate two years ago, or has it been amended along the lines suggested by the Committee on Banking and Commerce at that time?

Hon. Mr. ROBERTSON: It is the same bill, but I presume that there are incorporated in it many of the changes suggested by the committee. The bill, as I say, will be distributed as widely as possible, and will be considered next year.

The order stands.

DIVORCE BILL

SECOND READING

Hon. Mr. ASELTINE moved second reading of Bill M-11, an Act for the relief of Paul Charbonneau.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ASELTINE: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

The Senate adjourned until Tuesday, June 8, at 8 p.m.

THE SENATE

Tuesday, June 8, 1948

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION SUPPLEMENTARY REPORT—REFERRED TO COMMITTEE

The Hon. the SPEAKER: Honourable senators, I have the honour to present a supplementary report of the Civil Service Commission of Canada with respect to changes in compensation for certain members of the staff of the Senate.

Hon. Mr. WHITE: Honourable senators, I beg leave to move that this report be referred to the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

PRIVATE BILL

COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons to return Bill O-5, an Act to incorporate the National Insurance Company, and to acquaint the Senate that they have passed said bill with several amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

Right Hon. Mr. MACKENZIE: What are these amendments about, sir?

Hon. Mr. ROBERTSON: They will be printed in the Orders of the Day.

Right Hon. Mr. MACKENZIE: When? Tomorrow?

Hon. Mr. ROBERTSON: Tomorrow.

Right Hon. Mr. MACKENZIE: I see,—after we have disposed of them.

Hon. Mr. ROBERTSON: They have not been disposed of. I have moved for consideration of them tomorrow.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 228, an Act to amend The Excise Act, 1934.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read a second time?

Hon. Mr. ROBERTSON: With leave of the Senate, at the next sitting.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 329, an Act to amend The Judges Act, 1946.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

Right Hon. Mr. MACKENZIE: May I ask what this bill is about?

Hon. Mr. COPP: Read the bill.

Right Hon. Mr. MACKENZIE: I have not got it; neither has anybody else.

An Hon. SENATOR: This is the first reading.

Right Hon. Mr. MACKENZIE: It does not matter whether it is the first reading or the second reading. We are entitled to know what it is about.

Hon. Mr. ROBERTSON: May I say for the information of my right honourable friend that when bills are received from the other place it is customary, upon the Senate being so notified by the Speaker, to give them first reading. I have asked leave of the Senate to have this bill considered tomorrow, when copies of it will be distributed. If any honourable senator then wishes to have the opportunity of further considering it, he is quite within his rights in asking that the second reading be postponed.

Right Hon. Mr. MACKENZIE: May I ask my honourable friend the leader of the government (Hon. Mr. Robertson) if he regards it as good parliamentary practice to endorse a bill by giving it first reading without being told anything about the principle of that bill?

Hon. Mr. COPP: It has been done for seventy-five years.

Hon. Mr. ROBERTSON: All I can say to my honourable friend is that I am following a practice which was in existence when I came into this house, and to which no honourable

senator has heretofore seen fit to take exception. I shall continue to follow that practice so long as it meets with the approval of the Senate.

Right Hon. Mr. MACKENZIE: May I inform my leader that so long as I am in this house I shall vigorously protest against this absolutely indefensible practice.

Hon. Mr. HARDY: The honourable senator for Vancouver is entirely out of order.

Right Hon. Mr. MACKENZIE: I think my honourable friend—wherever he comes from—is completely out of order.

Hon. Mr. HARDY: He is not coming in and attempting to run the Senate after being here about six weeks.

Right Hon. Mr. MACKENZIE: I hope my honourable friend does not attempt to run the Senate.

The Hon. the SPEAKER: Order! The other day I took some trouble to explain to the right honourable senator from Vancouver the practice of this house with respect to the first and second readings of bills, and there is no occasion for interruption tonight: I made it very plain that when bills come here from the House of Commons they are read the first time, and then the Speaker asks when the second reading shall take place. That is the procedure, and it will continue to be the procedure until the rules are changed.

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 330, an Act to amend The Income War Tax Act.

Right Hon. Mr. MACKENZIE: I wish to rise to a question of privilege. Unfortunately this session is drawing rapidly to a close, but at the next session of parliament I intend to most vigorously assert my right to amend that rule in regard to the automatic first reading of bills.

The Hon. the SPEAKER: My right honourable friend may give notice, if he wishes. In the meantime he will undoubtedly conform to the present rules of the Senate.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MACKENZIE: There is no choice.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, tomorrow.

Right Hon. Mr. MACKENZIE: Honourable senators, has this bill been distributed?

Hon. Mr. COPP: Is there any objection?

The Hon. the SPEAKER: If there is no objection, with leave of the Senate this bill will be placed on tomorrow's Order Paper for second reading.

DOMINION SUCCESSION DUTY BILL

FIRST READING

A message was received from the House of Commons with Bill 331, an Act to amend the Dominion Succession Duty Bill.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 332, an Act to amend the Excise Tax Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

Right Hon. Mr. MACKENZIE: Under protest.

OILS AND FATS

NOTICE OF INQUIRY

On Notices of Inquiries and Motions.

Right Hon. IAN MACKENZIE: Honourable senators, I presume that this is the proper time to address questions to the minister. If I am right I shall proceed now. First of all I desire to ask the leader of the government twenty-nine questions. And I may say with great deference, Mr. Speaker, that if any of these questions are ruled by you to be out of order, I shall of course accept your decision. My questions are:

1. When was the I.E.F.C. organization joined or authorized by Canada?
2. As a result of what previous discussions or organization or conference was such organization formed?
3. What were the specific commitments, if any, by Canada with reference to the formation and organization of such body?

4. How far was Canada bound to the findings and recommendations of such organization, as a result of being a subscribing member thereto?

5. How many reports have been made by the I.E.F.C., and how many of those have been endorsed by all of the subscribing nations thereto?

6. How many proposals of any or all reports of the I.E.F.C. have not been supported by any nation, and

(a) by which subscribing nation?

(b) for which particular or stated reason?

7. Has any subscribing nation taken separate and independent action in regard to the question of fats and oils, apart from the general recommendations of the I.E.F.C.?

8. Were there any specific reservations or provisions made in regard to Newfoundland in the general terms of the I.E.F.C. recommendations?

9. If so, what was the nature and character and extent of such special provisions?

10. Was Canada concerned with such provisions, or with the supply of fats and oils for Newfoundland?

11. Has Canada, under any such provisions and stipulations, supplied fats and oils to Newfoundland?

12. Is Newfoundland today manufacturing oleomargarine, in part or in whole, as the result of products supplied by Canada?

13. How much, in quantity and in kind, of any productive agents for oleomargarine has been supplied by Canada?

14. What representations, if any, have been made, outside the parliamentary debates, to the government of Canada for accepting the production of oleomargarine?

15. What representations have been made, at any time, by any honourable member of the Senate—with names, dates, particulars of proposals and suggested organization for the purpose thereof?

16. Have any proposals come from any organization in Newfoundland for the production of oleomargarine?

17. If so (a) from what organization?

(b) from what individual connected with such organization?

18. Is the government informed as to the personnel—directors or shareholders—connected today with the oleomargarine industry of Newfoundland?

19. Is the government aware of any member of either house of parliament who is identified with the promotion of the production of oleomargarine in Canada?

Hon. Mr. EULER: Oh! oh!

Right Hon. Mr. MACKENZIE: My honourable friend from Waterloo will not laugh later.

Hon. Mr. EULER: He laughs best who laughs last.

Right Hon. Mr. MACKENZIE: I have reason to believe my friend made representations—

Some hon. SENATORS: Order!

Hon. Mr. EULER: I rise to a point of order. The honourable gentleman has no right to make such an insinuation. I can say to my friend that so far as I am concerned the answer to the question is definitely No.

Right Hon. Mr. MACKENZIE: I am very glad to have that assurance from my honourable friend from Waterloo.

Hon. Mr. EULER: You could have had it before.

Right Hon. Mr. MACKENZIE: But I did not have it.

Hon. Mr. EULER: I repeat, you could have had it before.

Right Hon. Mr. MACKENZIE: My questions continue:

20. Is the government informed of the production of oleomargarine in various world countries? Will such figures be produced for the information of this house? Will the government supply this house with the information

(a) the per capita butter production of butter-producing countries;

(b) the per capita production of alternative margarine substances in such countries.

21. Will the government inform the house of the average cost of butter

(a) in Canada,

(b) in our world markets,

for the last twenty years?

22. Will the government inform the house of the comparative cost of butter (a) in Canada; (b) in the U.S.A.; (c) in New Zealand; (d) in Denmark, for the last three years?

23. Is the government informed of any individual corporation—of large or small magnitude—fostering the idea of oleomargarine production for Canada?

24. If so, who are they, and what representations have they made?

25. What was the production in Canada of edible oils suitable for the manufacture of margarine in 1947 from

(a) domestically produced raw material,

(b) imported raw material?

26. What were the imports of edible oil into Canada for 1947 and from what countries were they imported? Give quantities and value?

27. What are the corresponding estimates for 1948 and 1949 of the figures asked for in questions 25 and 26?

28. Are there grounds for believing that margarine could not be produced as cheaply in this country as it could be imported from abroad?

29. Is there any way in which Canada could increase her combined supplies of oils and fats from domestic and imported sources faster than the world supply increases, so long as the world supply is subject to international control and Canada accepts its resulting international obligations?

The inquiry is duly signed, to be placed on the Order Paper.

Hon. Mr. MURDOCK: Has not my honourable friend omitted one important question? What are the seven or eight million

Canadians in the low income brackets, and the approximately one million children—

Some Hon. SENATORS: Order!

Hon. Mr. LEGER: The question is not debatable.

Hon. Mr. MURDOCK: —going to use to spread on their bread?

Right Hon. Mr. MACKENZIE: Mr. Speaker, I understand the question is not debatable. If it were, I should like to reply to my honourable friend.

Some Hon. SENATORS: Order!

THE ESTIMATES

MOTION

Hon. WISHART McL. ROBERTSON moved:

That the Standing Committee on Finance be authorized to examine expenditures proposed by the estimates laid before parliament, and by other financial legislation which has been, or may be dealt with during this session of parliament.

The motion was agreed to.

BUSINESS OF THE SENATE

RULES AND PROCEDURE—NOTICE OF MOTION

On the Orders of the Day.

Right Hon. Mr. MACKENZIE: Honourable senators, to make myself thoroughly unpopular this evening, I presume that this is the proper time for me to give notice of a resolution.

I regret that rule 27 of this house precludes any one of us from inserting a preamble to an executive resolution. I shall abide by that restriction and refrain from giving any preamble or reasons for the resolution which I intend to submit for the consideration of this honourable house. I intend, if I am here, to move for the removal of rule 27; but without referring to it further I shall proceed with the terms of my resolution. I may say first that, unfortunately for me, perhaps, but maybe fortunately for this house, I have to proceed overseas within the next three days, and shall not be available—

Hon. Mr. HAIG: I regret exceedingly that I have to rise to a point of order; but my honourable friend knows, or should know, that under the rules of this house he is required to give notice of a motion, and I demand that the rules be enforced. I regret that I have to take this stand, but I am not going to permit this house to be made a bear garden.

Right Hon. Mr. MACKENZIE: I entirely agree with my honourable friend. I am now giving notice of the motion.

Hon. Mr. MURDOCK: Sit down.

The Hon. the SPEAKER: If my right honourable friend will read the resolution which he proposes to move at a later date, that will close the incident.

Right Hon. Mr. MACKENZIE: I intend to give the house as much time as it requires to consider and discuss this resolution. I was only expressing my personal regret to the honourable leader opposite that I could not be here to take part in the discussion. I am now giving formal notice of my motion.

Hon. Mr. COPP: Well, give the notice.

Hon. Mr. EULER: Read it.

Right Hon. Mr. MACKENZIE: That, and nothing else, is what I intend to do. I am not going to say a word by way of debate, but, having given oral notice of the motion in this house nearly a week ago, I think I am entitled to inform my honourable and gallant friend the leader opposite of its contents. I trust that, even if I am absent, my honourable and genial friend will be among those who will support it.

Hon. Mr. ASELTINE: What is the motion? Read it.

Right Hon. Mr. MACKENZIE: I was going to do that some time ago, but I was more or less stopped in my course through the curiosity of honourable gentlemen opposite. Now that their curiosity has been in some degree satisfied, with permission of the house I shall proceed. The motion is:

That, in the opinion of this house, a special committee consisting of six honourable senators from Ontario, six honourable senators from Quebec, six honourable senators from the Maritime Provinces and six honourable senators from the Western Provinces, to be selected by the Speaker of the Senate, the leader of the government and the leader of the opposition in the Senate—

Their inclusion should make them feel more kindly towards me.

—should be set up to examine and consider the rules and regulations, the practice and procedure of this house, to examine and consider the present allocation and distribution of senatorial representation, to examine and consider the many and various proposals which, from time to time, have been made for the re-allocation and more effective distribution of the functions and responsibilities of this honourable house, with definite and immediate action in the public interest; that the said committee shall report to this house its recommendations, if any, for the revision of the rules and regulations, the practice and the procedure of this house, with a view

to the clarification and expedition of the transaction of its business; that the said committee shall report to this house its recommendations, if any, as to whether and by what means the basis of representation of the various provinces and regions of Canada should be modified or varied in the interest of fair and just representation for all portions of Canada, having regard, not only to the growth and redistribution of population which has taken place since the present basis of representation was established, but to the historic function of the Senate in safeguarding the recognized rights and privileges of territorial, racial and religious minorities, and of the rights reserved to the provinces by the British North America Act and, in particular, that the said committee shall in its report give special consideration as to whether, in view of the great increase in population of the four western provinces, the present allocation of senatorial representation gives adequate recognition to Western Canada; that the said committee shall explore, consider and recommend to this house what measures, if any, could or should be taken by improved practice and procedure, by revision of the rules and regulations of this house, by legislative enactment of the Parliament of Canada, or by the initiation, in accordance with accepted constitutional usage, of steps for amendment of the British North America Act, or, by a combination of any or all of the foregoing proposed methods, not only in the matters of initiating and advancing legislation in the interests of the people of Canada, but always of protecting the rights of the several provinces, regions and minorities whose interests have been assigned as the special responsibility of this honourable house, and of making greater and better use of the experience and abilities of the members of this house in devising, planning, organizing and supporting measures which shall contribute to the welfare, progress and happiness of the people of Canada.

I submit, that honourable senators, as a resolution—

Hon. Mr. LEGER: It is a speech.

Right Hon. Mr. MACKENZIE: —which this house will determine either to support or reject; and I would only repeat my personal regret that I must be in places afar, and not able to lend any counsel of mine—for what it might be worth—to the committee which I hope will be set up. I believe the people of Canada are looking today to this honourable house for action of this kind.

The Hon. the SPEAKER: Notice of motion.

MAIL CONTRACTS SUPPLEMENTAL PAYMENTS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 313, an Act to amend the Mail Contracts Supplemental Payments Act.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 9, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LOAN COMPANIES BILL

COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill F, an Act to amend The Loan Companies Act, and acquainting the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Tomorrow.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 280, an Act to amend the National Housing Act, 1944.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 2, 1948, examined the said bill, and now beg leave to report the same without any amendment.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

THE ESTIMATES

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I beg to lay on the table further Supplementary Estimates for the fiscal year ended March 31, 1948, and Estimates for the fiscal year ending March 31, 1949.

I move that these Estimates be referred to the Standing Committee on Finance.

The motion was agreed to.

DAIRY INDUSTRY ACT

PROPOSED REFERENCE TO SUPREME COURT

Hon. W. D. EULER moved:

That, in the opinion of this house, the government should, immediately after prorogation of the present session of parliament, refer to the Supreme Court of Canada for the opinion of that court the question of the constitutional validity of that part of the Dairy Industry Act, chapter 45 of the Revised Statutes of Canada 1927, which prohibits the manufacture or sale, or having in possession for sale, or offering for sale, oleomargarine, margarine, butterine or other substitute for butter, manufactured wholly or in part from any fat other than that of milk or cream.

Right Hon. IAN MACKENZIE: Honourable senators, I rise to a point of order with respect to the motion standing in the name of the honourable senator from Waterloo (Hon. Mr. Euler).

My first objection is that a question already disposed of by a vote of the house is not subsequently debatable during the same session.

My second point is that Section 53 of the British North America Act provides that:

Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

I draw the attention of honourable senators to item 1204 of the customs tariff, which reads as follows:

Oleomargarine, butterine or other similar substitutes for butter, and process butter or renovated butter.

This comes under the prohibited list under the tariff and has to do with the fiscal structure of Canada. I suggest that any resolution affecting the fiscal structure of Canada cannot originate in this honourable house. Therefore, with all respect and deference to my honourable friend, I submit that on at least three counts his resolution is not in order.

Hon. Mr. EULER: Mr. Speaker, on a point of order I wish to point out that, while I do not profess to be as expert in parliamentary procedure as perhaps my right honourable friend is—

The Hon. the SPEAKER: May I interrupt the honourable gentleman?

The right honourable gentleman from Vancouver Centre has raised the question of the advisability of proceeding with this motion. I have given very careful consideration to the point at issue. It is true that already this session we have had a debate on a subject-matter that could come within this resolution, and the motion giving rise to that debate was negatived. I think, however, the present resolution is quite in order and can be proceeded with. I would ask the mover (Hon. Mr. Euler) to confine his remarks closely to the resolution.

Right Hon. Mr. MACKENZIE: That is quite satisfactory.

Hon. Mr. EULER: Honourable senators, I may say that when speaking I always try to confine myself to the motion before the house, and I have not the slightest intention of transgressing the rules on this occasion.

At the outset I wish to make it clear that it is not my purpose to discuss the merits or demerits of oleomargarine, although I should like to remark, if this is in order, that the defeat of the so-called margarine bill was keenly disappointing to a great majority of the consumers of this country.

Hon. Mr. HAIG: That statement is out of order, but go on.

Hon. Mr. EULER: I also wish to say that although the resolution more or less involves a constitutional question, I do not intend to cite technical instances in support of the resolution. I am not a lawyer and I leave that branch of the argument to members who belong to the legal profession. However, in the last few years, since the oleomargarine issue has become a rather urgent one in this country, eminent lawyers, both in and out of this chamber, have told me that in their opinion the clause in the Dairy Industry Act prohibiting the manufacture and sale of margarine is *ultra vires* of this parliament. The legislation may have been valid back in 1886, when it was first enacted, as there was then some question about the wholesomeness of oleomargarine as a food.

Hon. Mr. HORNER: I rise to a point of order. Surely my honourable friend is not merely reading the resolution. The oleomargarine debate will be thrown wide open again.

Hon. Mr. EULER: What is my honourable friend's objection?

Hon. Mr. HORNER: I am objecting because you are making a speech, and I understood his Honour the Speaker to say that you would be confined to reading the resolution.

Hon. Mr. EULER: Not at all; and I would rather appreciate it if I were not interrupted unnecessarily.

I was saying that the legislation may have been valid sixty-two years ago when the question of public health was involved. As the late Senator Bench pointed out, in the preamble of the legislation at that time there was a statement to the effect—I am not using the exact words—that oleomargarine might be detrimental to health. Shortly afterwards that statement was stricken out, and for a good many years it has not been contended that the law was necessary because of the unwholesomeness of oleomargarine. Therefore it is felt that the federal parliament no longer has power to maintain the legislation.

Further, this prohibitory law with respect to the manufacture and sale of this commodity is an invasion of the jurisdiction of the provinces with respect to property and civil rights.

Every lawyer that I have consulted is of the view I have expressed. For that reason I believe it is entirely in order to refer the question to the Supreme Court of Canada, so that we may have definite decision with regard to it. I stated in a speech some time ago that I had suggested to the Minister of Justice the desirability of referring this matter to the Supreme Court of Canada. I did that as a private member of this house. The suggestion did not meet with approval, but if the Senate as a body makes a similar request, surely the government will accede to it, and when the Supreme Court renders its decision the reason for bringing in a fourth Dairy Industry bill at the next session may have disappeared. I am quite confident that that will be the effect of the decision.

Hon. JAMES MURDOCK: Honourable senators, may I be permitted to say a word on this question? Early in 1919 the government of the day put into effect a law creating the Board of Commerce of Canada. In the later part of that year, and early in the following year, the board held hearings in various cities and other parts of Canada concerning milk, butter, sugar, paper and other things. Early in 1920 the paper makers of Canada undertook to question the authority of a federal law that would permit the Board of Commerce of Canada to deal with newsprint paper. They carried the matter to the Supreme Court of Canada, and I think it was on the first day of June, 1920 that the court decided that the Board of Commerce had no jurisdiction over the production and manufacture of newsprint paper, and that this matter came within the prerogatives of the provincial governments as it concerned property and civil rights.

If that decision of the Supreme Court on June 1, 1920 was right, the court—although it has changed materially since those days—might take the same position with respect to the much-discussed question which has been before us for the past three years. I think we ought to consider that when deciding whether or not the Supreme Court of Canada should be given an opportunity to go into the question and render its decision.

Hon. Mr. HOWARD: I move the adjournment of the debate.

Some Hon. SENATORS: No, no.

Hon. Mr. ROBERTSON: I assure honourable senators that I had no idea how long the debate might be, and I asked the Whip to adjourn the debate in order that I might say something about this motion. It is not my intention to unduly delay the motion, and

while I am not prepared to go ahead today, I will give an undertaking to do so tomorrow.

Hon. Mr. HAIG: Very well.

Hon. Mr. ROBERTSON: Let it be understood that I suggest this course only because I am not in a position to say anything today. If any honourable senator wishes to continue the discussion at this time, he may do so, and then the Whip could adjourn the debate.

Hon. Mr. ROEBUCK: I would prefer to speak to the motion tomorrow.

The debate was adjourned.

MANITOBA NATURAL RESOURCES BILL

SECOND READING

The Senate resumed from Thursday, June 3, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill K-11, an Act to amend the Manitoba Natural Resources Act.

Hon. Mr. HAIG: Honourable members, the house kindly agreed to allow me to adjourn this debate until today, and I shall not ask for a further adjournment because I believe the leader of the house (Hon. Mr. Robertson) would like to have the bill before a committee tomorrow.

I wrote to the Winnipeg city council last week, and have since been awaiting a reply. Formerly a letter mailed at the same time of the week as mine was would have arrived on Saturday morning, but because of daylight saving, and the non-distribution of mail on Saturday afternoons, my communication would not have reached its destination until Saturday afternoon. Monday being a holiday, the city council would not be able to deal with it until yesterday, so I cannot get a reply until tomorrow. However, I am willing that the bill go forthwith to committee, although I should advise the leader of the house that if by tomorrow I have not heard from the Winnipeg city council I shall ask the committee to adjourn its discussion until next week. The matter involved is of tremendous importance to our city.

It might be helpful for me to say at this time that the only amendment I desire is the deletion from the schedule of the words, on page 3, "or compulsorily or otherwise". Paragraph (b) would then read: "is legislation providing for the taking, acquisition and purchase by agreement or by expropriation of any indentures, agreements," and so forth. My purpose in suggesting that the compulsory feature be struck out is to ensure that action shall be taken only by agreement or by expropriation, the latter being by proceedings in arbitration. As a matter of fact, that is all the power which the Dominion Government has. If it wants a piece of property it can obtain it by agreement, or, failing agreement, it can expropriate and have the Exchequer Court determine the value. There are cases of this sort every day. I do not think the province should have any greater power in this regard than the dominion, or, indeed, than a railroad, which is empowered, when necessary for the purposes of acquiring land on which to run a line of railway, to expropriate the land and have the value determined by arbitration.

As I say, under the circumstances I am willing that the bill go to committee; but unless I hear from Winnipeg tomorrow I shall ask the committee to adjourn the matter until next week.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRIVATE BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to the consideration of amendments made by the House of Commons to Bill O-5, an Act to incorporate The National Insurance Company.

Hon. Mr. GOUIN moved concurrence in the amendments.

He said: Honourable senators, in the other place the name of this insurance company was changed, and now the title of the bill is "An Act to incorporate The National Fire and Casualty Insurance Company." It is purely a matter of form, involving exactly three changes. The title will be altered, as I have just stated. A similar change is necessary where the name appears in line 13 of the English text, which will read "The National Fire and Casualty Insurance Company," and in the following line, in the French text, which will read "La compagnie Nationale D'Assurance Incendie et Risques Divers." I do not think there can be any objections to the amendments. The promoters are perfectly willing to accept the bill with this modification.

The motion was agreed to.

EXCISE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 228, and Act to amend the Excise Act, 1934.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, this bill proposes certain amendments to the Excise Act. In the budget resolutions the only reference made to the Act was with respect to the repeal, effective as of May 19, 1948, of the excise duty on spirits used in the production of vinegar. It appears from the bill as it comes to us from the other place that the opportunity has been seized upon to provide for other amendments, some of them for the purpose of lightening and shifting the incidence of taxation, and others purely for clarification. May I take a minute or two to tell you what they are?

It will be necessary, I think, that the bill go to committee because, while the budget resolutions proposed that the effective date for the repeal of the duty on spirits used solely in the production of vinegar should be May 19 of this year, when it came to the incorporation of that provision, in the bill it was provided by section 34 that the Act as a whole should come into force on October 1, 1948.

Actually, the government has not been collecting duties since May 19. Therefore, in order to validate what was intended and what has been the practice followed by the department since the budget resolutions were introduced in the other place, some amendment will be necessary to make the date of May 19 effective with respect to spirits used in the production of vinegar.

Originally the excise duty was placed on spirits used in the manufacture of vinegar in order to encourage the manufacture of cider vinegar in the Maritime Provinces. It is my understanding that that project did not turn out satisfactorily, and was abandoned. There is no longer, therefore, the same necessity for this duty. That is one reason why it has been repealed. Another reason is that the fishermen who used this spirit vinegar in pickling fish, etc., found that by importing the vinegar from the United States and paying the duty on it they could claim a drawback when they exported the cured fish, and in that way could get their spirit vinegar more cheaply than they could get it in Canada.

Another thing this bill does is to repeal the duty on malt syrup. There are a number of sections dealing with that repeal. First, there is a direct repeal. This necessitates an amendment to the particular schedule concerned, as well as the deletion of certain sections in the Excise Act itself wherein reference to malt syrup occurs. There is a shifting of the incidence of taxation on malt. As the Excise Act stands at the present time, the maltster is responsible for the excise duty. It is proposed under these amendments to transfer the incidence of taxation to the brewer. That will mean that all malt received in a brewery will be taxed. This does not cause any change in the amount of revenue received from that source, which in the year 1947-48 amounted to $53 million. It will lower the cost of administration of the Act, because henceforth the government will not be concerned with the operation of the maltster but only with that of the brewer. The brewer will have to account for all the malt he receives, and he will have to claim a refund or remission when he is entitled to it under the Act. I understand that the saving in the cost of administration resulting from this change will amount to at least $100,000 per year.

I have outlined the main purposes of the bill. There are a number of sections dealing with the accomplishment of these purposes. The measure repeals certain parts of the Excise Act which deal specifically with malting and malt houses and with certain schedules by which the tax is defined. In addition there are certain miscellaneous amendments covering a wide range of subjects. For instance, the bill starts off with the very essence of simplicity—the changing of the title of Commissioner of Customs and Excise to that of Deputy Minister of National Revenue for Customs and Excise, wherever it appears in the Act. Then, where certain duties formerly were fastened upon the Commissioner, they now become the duties of the Deputy Minister.

Certain penal sections of this legislation have been revised in order to clarify the nature of offences and the penalties to be imposed, but the quantum of the fines or the terms of imprisonment that may be meted out have not been changed.

Next there is a measure of amelioration with respect to the sale of spirits to druggists by distillers. Under the law druggists may purchase only five standard gallons at a time. The difficulty has been that the smallest quantity which a distiller could release from a bonded warehouse was the minimum quantity on which duty was payable. This quantity exceeded the five gallons allowed to druggists. The result was that both the department and the distiller were obliged to keep watch on the amount remaining until such time as it was

taken by the druggists. The amendment enables payment of duty to be made on the five standard gallons.

Then there is a section dealing with the importation of manufactured cigars and tobacco, including cigarettes and snuff. The practice has been to wrap these products, whether domestic or imported, in cellophane. But there is an obligation to put an excise stamp on such products. The stamps have been put on the domestic products, but the problem in connection with imported articles has been to remove the cellophane and put the stamp on. This resulted in deterioration, which was the very thing the cellophane was put on to guard against. The practice is now to be simplified, so that the manufacturer abroad may first affix the stamp to his product, then put on the cellophane wrapper, and finally export his product to Canada. A number of amendments are simply for the purpose of tidying up matters of administration and the collection of duties under the Act.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Finance.

The motion was agreed to.

JUDGES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 329, an Act to amend the Judges Act, 1946.

He said: Honourable senators, I have asked the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) to explain this bill.

Hon. J. J. KINLEY: Honourable senators, this is a very brief bill. It strikes out the additional allowance for a divorce court judge in Nova Scotia. All the judges of the Supreme Court of Nova Scotia are now being given divorce jurisdiction, so it is not appropriate that any one of them should receive additional remuneration for divorce work. The bill has the approval of the Government of Nova Scotia.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. HAIG: Now.

Hon. Mr. ROBERTSON: With consent of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME WAR TAX BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 330, an Act to amend the Income War Tax Act.

He said: Honourable senators, I have asked the honourable gentleman from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. A. K. HUGESSEN: Honourable senators, the principal object of this bill is to implement the budget resolutions by changing the Income War Tax Act as proposed by the Minister of Finance in his budget speech. The bill contains a number of clauses dealing with minor matters, that being usual in legislation of this kind, as will have been observed in the bill explained a few moments ago by my honourable friend from Toronto (Hon. Mr. Hayden). They have to do with the clarification of certain provisions of the Act or the rectification of errors. With those clauses I do not intend to deal, for if the bill receives second reading and is in the ordinary course referred to committee, they can be considered in detail then. I shall confine myself to the major changes which were introduced in the budget speech and are incorporated in the bill. They are six in number, and I shall deal with them by referring to the relevant sections of the bill.

The first change will be found in subsection 1 of section 2, which provides for an increase of $500 in the income tax exemption of persons of the age of 65 years or over. That amendment has I think met with universal approbation, and perhaps the only additional thing I need say about it is that it is estimated that it will cost the revenue in the neighbourhood of $5 million a year.

The second change of importance will be found in section 3, and it also is a relief to certain taxpayers. It amends section 6 of the Act by adding to it subsections (6) and (7), which permit deduction from income by certain classes of employees who pay their expenses while away from home in the course of their employment. Subsection (6) deals with transportation companies' employees whose duties require them to travel away from headquarters. They would be railway employees and trainmen, inter-city truck and bus drivers, automobile delivery men, and men

engaged on ferries who go overnight across various straits. Subsection (7) relates to persons employed to sell property or negotiate contracts—in other words, ordinary commercial travellers. They are entitled to deduct expenses paid by themselves under certain conditions. First of all, the contract of employment must provide that the employee pays the expenses himself; secondly, he must be regularly employed away from his employer's place of business; and thirdly, he must be paid either in whole or in part by commissions.

The third major amendment will be found in sections 8 and 10. These deal with an increase in the rate of interest payable on overdue taxes. At the present time interest on overdue taxes is payable at the rate of 4 per cent per annum until there has been an assessment, and after that at an additional rate of 3 per cent per annum, or 7 per cent in all. The proposed amendments would increase the rate of interest payable before assessment from 4 to 6 per cent per annum, and after assessment from 7 to 8 per cent per annum. A rather interesting reason for this amendment was given by the minister in another place. He stated that it had been discovered that a substantial number of citizens were deliberately underpaying their taxes when due, and thus, in effect, were borrowing money from the government at 4 per cent per annum.

The amendment in section 9 is the obverse side of the picture. That section introduces into this country an entirely new principle. For the first time our government recognizes that it has an obligation to pay interest to taxpayers on overpaid taxes.

Hon. Mr. ASELTINE: At 8 per cent?

Hon. Mr. HUGESSEN: I am coming to that. My honourable friend is too optimistic, I am afraid.

Hon. Mr. ASELTINE: I knew there would be nothing like that.

Hon. Mr. HUGESSEN: The proposed rate of interest payable by the government bears a reasonable relation to 8 per cent. It is 2 per cent per annum on overpayments up to $5,000, and one-half of one per cent on payments in excess of $5,000. Honourable senators will see at once the reason for decreasing the rate on large overpayments. It is conceivable that some persons with big cash surpluses might well be willing to make substantial overpayments if they were going to get interest thereon at 2 per cent per annum.

Hon. Mr. ASELTINE: I never heard of anyone having any money left after paying his income tax.

Hon. Mr. HUGESSEN: There is a historical basis for that provision. For many years the United States government paid interest on overpaid taxes at the rate of 5 per cent per annum. I understand that it was a common practice among rich individuals and corporations to overpay their taxes to a substantial amount so as to obtain a perfectly safe 5 per cent government investment. With the modest rates of interest provided by this measure—2 per cent per annum on overpayments up to $5,000, and one-half of one per cent on overpayments in excess of $5,000—I do not think there is much danger of such a practice in Canada.

The fifth amendment will be found in sections 12 and 15 of the bill, which in effect abolish the Income Tax Advisory Board provided for in the legislation of 1946. Honourable senators will recall that in that year, provision was made for two separate boards, namely, the Income Tax Advisory Board, which I am now discussing, and the Income Tax Appeal Board, which is being continued in existence. The Income Tax Advisory Board was set up for the purpose of advising the minister in the exercise of the numerous discretionary powers conferred upon him by the Act as it now stands. Honourable senators are aware that the new Income Tax Act introduced in the other house yesterday, and referred to the Banking and Commerce Committee of that house, does away with the vast majority of those discretions. That being so it was considered that the raison d'etre for the Income Tax Advisory Board had ceased to exist, and therefore this legislation provides for repeal. I should perhaps add that the board, as its name implies, was merely an advisory board and had no executive power.

The sixth and last amendment, embodied in section 16 of the bill, continues for 1949, as contemplated in the budget resolutions, the special allowances for depletion and development given during 1948 to oil, natural gas and mining companies.

Those, honourable senators, are the principal changes brought into effect by the bill. I think the measure is of sufficient importance and interest to honourable senators to wararnt its reference to a committee. I would suggest that after second reading it be referred to the Standing Committee on Banking and Commerce.

Hon. S. A. HAYDEN: Honourable senators, there are one or two points I wish to raise in connection with the proposed amendments.

First, the present interest penalty of 4 per cent before assessment and 7 per cent afterwards and until the date of payment seems to

me, having regard to the present interest rates, to be in the top brackets. The government has in its hands the power to shorten the period between the time when a man is obliged to pay his tax and the date of assessment—during which the 4 per cent applies—by expediting the assessment. This could quickly get a man into a position where the higher rate would apply upon his liability as determined by the assessment. Having regard to the present rates of interest and all the other factors which enter into the day to day life of the people, I think the payment of 6 per cent interest before assessment, on top of the income tax, is a severe penalty to exact. We should not lose entirely our sense of proportion as to what is reasonable by endeavouring to apply an 8 per cent levy following assessment.

A few years ago a special committee of the Senate studied the income tax question over an extended period, and some of its recommendations were incorporated in the amendments to the Act at that time. It recommended the establishment of an advisory committee and the granting of the right of appeal. These recommendations were made because it was felt that there should be some place where the many discretions by the minister could be reviewed. He was not bound in any way to accept the advice of the advisory board, but it was a further committee of review.

There are still many discretions in the Income Tax Act which we will have at least until the end of this year, and the imposition and assessment of taxation under that Act will carry on for some time. So long as the discretions continue, I see no reason why certain amendments which were thought necessary and advisable two years ago should not continue until the Act expires.

Hon. JOHN T. HAIG: Honourable members, I think the honourable member for Toronto (Hon. Mr. Hayden) has covered the question of interest rates very well. I may say that I am old enough to remember how critical certain people were of 8 per cent interest on mortgages. I never thought I would live to see the day when a government would tax the poor delinquent income tax payers to that extent.

In my next few remarks I shall try not to transgress the rules, but I shall be very close to the line. May 19, 1948 will go down as black Tuesday for the two old political parties in this country. If one wants to know the reason for certain recent election results, he only has to look at the reaction to the budget from which these resolutions flow. It is not only a question of the payment of an 8 per cent penalty, but of exemptions on income tax.

Hon. Mr. PATERSON: And the rejection of margarine.

Hon. Mr. HAIG: I thought my honourable friend did not know the difference between margarine and butter; otherwise he would not have broken the law by bringing margarine across from the United States.

Some. Hon. SENATORS: Oh, oh!

Hon. Mr. HAIG: The problem is this: young men and young women who ten years ago were earning $750 a year are now making at least $1,000 a year, but that $1,000 does not purchase as much today as the $750 did; yet they have to pay income tax on the difference of $250. As a senator I am ashamed that our country does not recognize the plight of this class of people. I am thinking of a little town which I visit at times, and where, when I go out on Wednesday mornings, I take the back streets. It is no use to say that the Act will be amended next year, just before election time. That will be too late.

Also the exemption of $1,500 or $2,000 for married persons is unfair. Those of us who have incomes in excess of that amount must recognize that people in the lower-income classes have to be protected. If you do not do this you will play into the hands of those who would like to make Canada a dictatorial state. In my city there are plenty of people of this mind. We find them in the city council, on the school board, and in the legislature. They say: "This is a nice country you live in; they tax you to death." Whether or not the big fellows are paying a good stiff tax, the question is: What about the little fellows who are just getting by? This act does not give them exemption, and it should.

That is the fundamental point. We men and women in the Senate must recognize that we cannot compete with the philosophy of Russia unless we give our people in the lower-income brackets a fair deal. We know that this year the government has a big surplus, amounting to six or seven hundred million dollars, not to speak of the deduction from real surplus of the money from which—quite properly, I admit—has been given or loaned to other countries, but which nevertheless represents a profit.

May I point out that there are twenty-five members of this chamber who do not get any exemption under this bill, although they are pretty close to qualifying for it. The sixty other members receive the special exemption; and when you walk down the streets of my city, they point at you and say: "There is a fellow who gets $500 of extra exemption: why

don't we get it?" When I walked into my office the morning after this bill was passed in the other place, the young men and women there looked at me—

Hon. Mr. COPP: You are getting too old.

Hon. Mr. HAIG: —I saw them smiling, and I knew what they were smiling about—and the head girl said to me: "How do you get away with it, senator?"

Hon. Mr. HOWARD: Would you not rather be in the other bracket?

Hon. Mr. HAIG: Oh, I don't know. I am having a pretty good time as it is. If other senators around sixty-five have as much fun in the next ten years as I have had in the last ten years they are going to have a mighty good time.

Hon. Mr. SINCLAIR: Do you not think that the provision benefits those who are on superannuation?

Hon. Mr. HAIG: To some extent. But people of sixty-five have no children at home to take care of; they do not have to provide for their education; they do not spend as much money going to parties at nights.

An hon. SENATOR: Is that so?

Hon. Mr. HAIG: Yet people in that position are given the benefits of this bill. Persons on superannuation get an exemption of $1,500 if they are married; and if I had my way they would get $2,000. A single person's exemption is raised to $1,250, provided he is over sixty-five years of age. The people most in need of exemption are those who are just starting out in life and trying to get going, and under our present burden of taxation it is impossible for them to save a competence. It is the young people of our country who will make private enterprise a success, but under the present system, so far as I can see, the young man or woman who is just married, and looking forward to thirty or forty years of active work, cannot hope to save more than a trifling amount.

I am not criticizing the government. I do not think the official opposition in the other house were half hard enough on this bill. They should have gone right to bat and said: "We will fight this bill for weeks unless you increase the exemption to $1,000 for single persons and $2,000 for married people, irrespective of age." That is what ought to be done. In effect that is the challenge which the C.C.F. are making, and it explains why they are winning elections. I would impress on honourable senators that we who have a position for life—

Hon. Mr. EULER: Perhaps.

Hon. Mr. HAIG: —at $6,000 a year—

Hon. Mr. EULER: We shall not have it if the C.C.F. get in power.

Hon. Mr. HAIG: —ought to give thoughtful consideration to the position of young people in this country, and see to it that they are given the opportunity they need.

I was pleased to hear that this bill is to go to committee. One point which arises in my mind is related not to the contents of the bill but to announcements in the press. Manitoba has suffered this year from bad floods in the Red River valley, in the valley of the Assiniboine, and in the Carrot river or Saskatchewan valley. A great many of our farmers have been very seriously affected. According to the decision of the income tax authorities, repairs to fences and farm buildings are to be allowed as deductions by way of expenses, but this decision does not apply to houses. When the bill is in committee we should ask the deputy minister to come before the committee and tell us why farm houses are not included. Also, house property along the Red River in the city of Winnipeg has been flooded, in some cases to a depth of two or three feet on the main floor. It will take months to repair these buildings and put them back in shape. I estimate, too, that many farmers will need to spend from $1,500 to $2,000 on repairs to their homes. Such outlays should be covered in this bill, and it is our duty in committee to find out from the deputy minister why they are not.

Hon. Mr. HARDY: Are not repairs to fences, and to barns and buildings other than the farmhouse included? I know that in my return I include such repairs, save for the cost of new fencing.

Hon. Mr. HAIG: But the house is not included.

Hon. Mr. HARDY: No.

Hon. Mr. HAIG: And when it gets damaged in this way it should be covered. The cost of repair is not an ordinary expense. The floods are, if I may use a legal term, an "act of God", and costs incurred as a result should be subject to this exemption provision. Generally speaking, the floods are worse in British Columbia than they are in Manitoba, but about one hundred and fifty veterans along the Carrot river have all lost their farms, and their houses are flooded out. I do not think they will ever be allowed to go back there. In the Red river and Assiniboine valleys it is mainly the houses which have been affected, and deduction of the cost of repairing them should be allowed.

Hon. Mr. HUGESSEN: These people would not have any income, would they?

Hon. Mr. HAIG: Some of them will. A lot of that land will be cropped this year.

Hon. Mr. ASELTINE: They have not sold last year's crop yet.

Hon. Mr. HUGESSEN: But if the land is completely flooded out, the farmers would not have any income to exempt from.

Hon. Mr. HAIG: Probably my honourable friend was misled by the reference to flooding. Although in many cases water came into the farm houses to a level of three or four feet, it subsequently ran off, and the farmers are sowing oats and flax and barley and expect just as good crops as ever, if not better.

Hon. A. L. BEAUBIEN: The farmers' houses would be affected by the water.

Hon. Mr. HAIG: Yes. That is why I am asking that the cost of repairs be considered for exemption under the bill. Of course, if a farmer has no income he will have no exemption; but most of those in the flooded areas have put in crops.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HUGESSEN moved that the bill be referred to the Standing Committee on Finance.

The motion was agreed to.

EXCISE TAX BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 332, an Act to amend the Excise Tax Act.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, this bill provides for the repeal of certain taxes as stated in the budget resolutions. For instance, there is provision for the removal of the tax on places of amusement, and in addition there are incidental amendments to clear the Act of any references to this tax, the revenue from which amounted to over $15 million last year.

Next, there is the removal or repeal of the 25 per cent tax on places of entertainment. This was a stamp tax, and as there was no way of segregating the amount received from it, I am not in a position to inform this house how much revenue was collected under that particular item. The tax on pari-mutuel betting, which was 5 per cent on the amount of money in the pool on each race, has been repealed. The revenue received from that tax last year was over two and a half million dollars.

There is a repeal of the purchase tax on certain articles. Some of the articles exempted this year include watches specially designed for the use of the blind, and alarm clocks sold at not more than $10 each. Compared to the total revenue, the amount received from the tax on these items has been small. Formerly, whenever a special type of watch was imported for or by a blind person, the duty was never paid, because an order in council was passed providing for exemption.

Under this bill there is also a provision for the repeal of the 25 per cent tax on 16 millimeter projectors. These are ordinarily used in churches and schools for educational purposes, and it was thought proper that this duty should be removed. However, the duty remains on the various parts of the 35 millimeter projector, which is the type ordinarily in use in theatres. The 16 millimeter projector is imported into Canada as a unit, whereas in the case of the other projector the component parts are imported. The duty is to remain on these parts.

The special excise tax on certain goods imported from general tariff countries is repealed. The revenue collected by the government under this head last year amounted to over $2 million.

A readjustment or rearrangement of the excise tax upon matches is also provided for. Apparently some people did not like carrying too many matches around on their person and wanted smaller packages. The size of the packages and the number of the matches therefore had to be adjusted, and the excise tax is apportioned accordingly.

The sales tax on certain foods and other items has been repealed, and honourable senators will find that the schedule of exemptions has been repealed and re-enacted so as to provide for an increased list of articles on which the sales tax does not apply. As honourable senators know, the principle of a sales tax is that it applies to all goods either imported or sold; then there are the exemptions. These are provided for by the statute and are set out in the schedule to the Act. The amendments in this bill increase the list of exemptions on a large number of articles of food and other items. The effective date of all these changes is May 19.

Honourable senators, I have dealt with the specific items to be found listed in the budget resolutions. In addition there are a number of miscellaneous sections.

Hon. Mrs. FALLIS: Before the honourable senator continues, may I refer to the excise tax on watches and alarm clocks? Is there an excise duty on the three or four dollar watch carried by the workingman? I am interested in this question because a plant in my riding manufactures cheap watches for use entirely by these men. I am wondering whether there is still an excise tax on these watches or whether it has been removed.

Hon. Mr. HAYDEN: The schedule provides that the excise tax shall apply to clocks and watches adapted to household or personal use.

Hon. Mrs. FALLIS: Does the excise tax still apply to watches used by workmen?

Hon. Mr. HAYDEN: I am not talking about the sales tax, but about the excise tax. There is a general provision for a tax of 25 per cent on clocks or watches adapted to household use, regardless of cost.

Honourable senators, there are certain provisos or exceptions in this bill. I have mentioned the exceptions. Some were provided for in past years. For instance, railway watches have always been exempt.

Hon. Mrs. FALLIS: Has the excise tax been removed from watches for workingmen.

Hon. Mr. HAYDEN: No. There are other particulars in respect of which this provision could have been amplified. I have in mind watches for nurses. Watches are just as necessary to nurses as they are to railwaymen, but the nurses must pay duty on any watch they may buy.

I pass now to the miscellaneous items. I may say that the department has taken this opportunity to make some corrections and adjustments in the titles and descriptions of persons, where both have been changed. Another provision that has been made establishes the Tariff Board as a sort of court. It is a court under the Tariff Board Act; but it is also a court in the hearing of appeals as to the classifications and the rates, if any, that should apply in particular cases under the Customs Act and the Excise Tax Act. This provision provoked some discussion in another place. Actually, it has been in the Act for some time, and all that is done by the amendment this year is to delete the word "war" where the Act deals with what was called the war excise tax. Last year a change was made in relation to this tax, and this year some more of the bits and pieces that were not caught in the former change are being cleaned up.

The practice of using the Tariff Board as a sort of court of appeal came about in this way. Originally under the Customs Act the Board of Customs was empowered to determine any question as to whether a certain class of goods was subject to duty and, if so, at what rate, and the appeal from the board was to the Governor in Council. Later on those provisions in the Customs Act were repealed, and the powers formerly enjoyed by the Customs Board were transferred to the Tariff Board, with a right of appeal being given from that board also to the Governor in Council. That is the present procedure, but I understand that there is in process a measure to provide that any appeal on a point of law shall be to the Exchequer Court.

There are several other sections in the bill. For instance, section 4 deals with the matter of the excise tax of 50 cents a gallon on wines other than sparkling wines. Distillers use a quantity of these wines in their process of manufacture, and as the end product carries a tax the bill provides for the remission of this tax upon the wines.

I think that we should hear departmental officers on this bill. Therefore, if second reading is given, I shall move for reference to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Finance.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 10, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE—BILL WITHDRAWN

Hon. Mr. COPP presented and moved concurrence in the report of the Standing Committee on Transport and Communications on Bill F-7, an Act to incorporate Western Pipe Lines.

He said: Honourable senators, the committee have in obedience to the order of reference of April 26, 1948, examined the said bill, and now beg leave to report thereon as follows:

Application having been made for leave to withdraw the bill, the committee recommend that leave be granted accordingly.

The motion was agreed to.

CANADA SHIPPING BILL

COMMONS AMENDMENTS—REPORT OF COMMITTEE

Hon. A. B. COPP presented and moved concurrence in the report of the Standing Committee on Transport and Communications on the amendments made by the House of Commons to Bill E-5, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 2, 1948, considered the said amendments, and now beg leave to report the same without any amendment.

Hon. J. J. KINLEY: Honourable senators, I wish to bring to the attention of the Senate some aspects of one of these amendments and to register my opposition to it. In order that the house may have the background of the situation, I will read section 113, part II of the Act, which deals with certification of masters, mates and engineers.

113. (1) Every British ship except:

(a) pleasure yachts;

(b) ships solely employed in fishing;

(c) passenger steamships not exceeding five tons gross tonnage;

(d) steamships not carrying passengers and not exceeding ten tons gross tonnage;

(e) barges or other vessels having neither masts, sails nor rigging and not being steamships;

(f) home-trade, inland waters or minor waters sailing ships not exceeding one hundred and fifty tons register tonnage,

shall when going from any place in Canada be provided with masters and mates duly certificated according to the following scale . . .

Hon. Mr. MORAUD: Excuse me, but what section is that?

Hon. Mr. KINLEY: That is section 113, in part II of the Canada Shipping Act, 1934.

The amendments which came before this house for consideration deleted paragraph (89) of section 2 of the original Act. I was a member of the committee which studied the amendments, but, as I said in a previous speech before this house, I had to go to Nova Scotia and the matter slipped through without my notice. Some members of the other house spoke to me about it.

The Canada Shipping Act of 1934, paragraph (89) of section 2, defines a sailing ship as follows:

(89) "Sailing ship" (except as may be provided under the Load Lines Rules) means a ship propelled wholly by sails, and includes a ship not in excess of one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion other than a steam engine.

That is to say, a 150 ton sailing ship with auxiliary power is excepted from the provisions of the Act with respect to masters and mates and some other matters.

In the committee of the Commons the definition of a sailing ship was amended to read as follows:

"Sailing ship," except for the purposes of the Load Lines Rules, means a ship propelled wholly by sails, and a ship solely employed in fishing not exceeding one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and that, in addition, is fitted with mechanical means of propulsion other than a steam engine.

This puts back part of the original provision, so that a fishing vessel used solely for fishing purposes and having an auxiliary engine will not be classed as a steamship. This means that the fisherman who operates a boat of over ten tons and having auxiliary power is now in this position: he can go fishing and return home without a certificated master, but he must have one in order to take his fish to market in his little vessel. Under the Act the little coaster would be a "steamship", and could not carry potatoes from Prince Edward Island to Pictou or coal from Sydney to Souris without a certified captain. In the interests of the fishermen and those who

operate small vessels on the coast, the definition of a sailing ship in the law of 1934 was a good one, and I do not know why it was deleted. I am told that under pressure the present definition as it applies to a fishing vessel was restored. I am told that as the result of and in accordance with the report of a judge, these provisions were inserted. If the question is one of hazard, I am unable to see that a vessel equipped with an auxiliary engine is more of a hazard than a vessel wholly propelled by sails. A vessel wholly propelled by sails has right of way over all power vessels, and is harder to handle. The small vessels are operated by practical men who fish and work on these vessels and spend their lives on the coast, and who have very little money with which to hire certificated men to run their boats. In their interests, it seems to me, we could very well leave the law as it is.

Speaking in the other place, the honourable member for Queens-Lunenburg said, in part:

To say, as the bill does, that all ships of less than ten tons are sailing ships and all those of more than ten tons are steamships if they have any method of propulsion other than sail is drawing the line too fine and placing it too low, in my interpretation of this Act. A ten-ton boat does not engage in fishing on the deep sea, and therefore plays very little part in the deep sea fishing industry. In the schedule to the Act respecting the international labour conference, however, I note that the dividing line is drawn at vessels of 200 tons gross register. It seems to me that would be much more fitting, and would give us a certain latitude which is needed.

Consider the case of the lobster fishermen. While the boat which is engaged in fishing does not need to have a certificated master and mate, the lobster smack, which goes out and collects the lobsters and takes them to port, may be subject to the provisions of this bill.

Then we find that the amendment refers to "a ship solely employed in fishing." If a man who uses his boat for fishing also does a little coasting, apparently he must have a certificated master because the boat is not "solely engaged in fishing." If the consideration is one of safety, the difference between a little fishing vessel and a coaster is of no consequence. In the other place members demanded freedom for the fishing vessel, but the definition has little meaning, because in part II under section 13 it is provided that:

Every British ship except: . . .
(b) ships solely employed in fishing

and some other exceptions

shall when going from any place in Canada be provided with masters and mates duly certificated . . .

The law, as it was, should remain, omitting that part under which a ship up to 150 tons with auxiliary power would be classed as a steamship. In committee we had an animated discussion on this matter; the vote was very close; and I am going to move:

That this bill be recommitted to the committee for the purpose of cutting out of paragraph (89) the words "solely employed in fishing".

The paragraph will then read as follows:

"Sailing ship" (except as may be provided under the Load Lines Rules) means a ship propelled wholly by sails, and includes a ship not in excess of one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion other than a steam engine.

That will restore the paragraph of the Act of 1934, which was there for many years, and which is needed by the small fishermen on the coast and the men who live on the shore. It must be remembered that these men have to pass an examination to procure a certificate, and pay a registration fee of $5 if they want to sail these little vessels. It seems to me that we should have more regard for these people, who are having a difficult time to make a living along the shore.

I should like to register another thought. With the present income tax and the passing of acts that are obnoxious to some people in the riding from which I come, the fishermen and others will say: "This is something that we do not like" and the official will reply, "I do not make the law. I only carry it out. It is made by parliament; by Senator Kinley and others. You must go to them." That is all right, but we all know here that when a department sends a trained man before a committee, anyone else must know his subject well to convince the committee that the departmental representative is not right. I almost succeeded in doing that this morning; in a committee of twenty members I failed by one vote. Although I failed, I deem it my duty as one closely connected with these people who live along the coasts of this country to bring to the attention of parliament what I regard as their right and what I believe should be retained in their interests. Honourable senators, I move the amendment.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LEGER: Honourable senators, instead of moving that the bill be referred back to committee, would not the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) accomplish what he desires by moving that the report of the committee should be

not concurred in but that the amendment be referred to Committee of the Whole House for consideration forthwith? In committee of the Whole House the honourable senator could move his amendment, and a vote could be taken on it then and there would be no delay.

Hon. Mr. KINLEY: I am not particular about what form is followed, and I readily agree to that procedure if it is better, and would so move.

Hon. Mr. ROBERTSON: Honourable senators, I must confess that until the honourable senator from Queens-Lunenburg (Hon. Mr. Kinley) spoke on this matter I had no knowledge that he was going to do so. I feel that I have some responsibility in this matter, but I must admit that I do not possess sufficient knowledge of the subject to express an opinion now. I do not like to pass over the arguments which my honourable friend has made concerning his constituents, and perhaps I am more ready to agree with them than some other members in this house may be. I am heartily in accord with the suggestion made by the honourable senator from L'Acadie (Hon. Mr. Leger), but before we proceed further with this matter I should like to secure some information. At the next sitting I shall be prepared to follow the procedure suggested, if it meets with the approval of the Senate. In the meantime I would move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

MARITIME MARSHLAND REHABILITATION BILL

REPORT OF COMMITTEE

Hon. Mr. SINCLAIR presented the report of the Standing Committee on Natural Resources on Bill 328, an Act respecting the Reclamation and Development of Marshlands in Nova Scotia, New Brunswick, and Prince Edward Island.

He said: Honourable senators, the committee have in obedience to the order of reference of June 3, 1948, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 333, an Act to amend the Customs Tariff.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

STAFF OF THE SENATE

REPORT OF COMMITTEE

Hon. G. V. WHITE presented and moved concurrence in the third, fourth, fifth and sixth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were read by the Clerk Assistant, and were severally concurred in.

INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill N-11, an Act to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: With leave of the Senate, next sitting.

OILS AND FATS

ORDER FOR RETURN

On the notice of inquiry by Right Hon. Mr. Mackenzie:

1. When was the I.E.F.C. organization joined, or authorized, by Canada?

2. As a result of what previous discussions or organization or conference was such organization formed?

3. What were the specific commitments, if any, by Canada, with reference to the formation and organization of such body?

4. How far was Canada bound to the findings and recommendations of such organization, as a result of being a subscribing member thereto?

5. How many reports have been made by the I.E.F.C., and how many of those have been endorsed by all the subscribing nations thereto?

6. How many proposals of any or all reports of the I.E.F.C. have not been supported by any nation, and

(a) by which subscribing nation?

(b) for which particular or stated reason?

7. Has any subscribing nation taken separate and independent action in regard to the question of fats and oils, apart from the general recommendations of the I.E.F.C.?

8. Were there any specific reservations or provisions made in regard to Newfoundland in the general terms of the I.E.F.C. recommendations?

9. If so, what was the nature and character and extent of such special provisions?

10. Was Canada concerned with such provisions, or with the supply of fats and oils for Newfoundland?

11. Has Canada, under any such provisions and stipulations, supplied fats and oils to Newfoundland?

12. Is Newfoundland today manufacturing oleomargarine, in part or in whole, as the result of products supplied by Canada?

13. How much, in quantity and in kind, of any productive agents for oleomargarine has been supplied by Canada?

14. What representations, if any, have been made, outside the parliamentary debates, to the Government of Canada for accepting the production of oleomargarine?

15. What representations have been made, at any time, by any honourable member of the Senate—with names, dates, particulars of proposals and suggested organization for the purpose thereof?

16. Have any proposals come from any organization in Newfoundland for the production of oleomargarine?

17. If so (a) from what organization?
(b) from what individual connected with such organization?

18. Is the government informed as to the personnel—directors or shareholders—connected today with the oleomargarine industry of Newfoundland?

19. Is the government aware of any member of either house of parliament who is identified with the promotion of the production of oleomargarine in Canada?

20. Is the government informed of the production of oleomargarine in various world countries? Will such figures be produced for the information of this house? Will the government supply this house with the information
(a) the per capita butter production of butter-producing countries;
(b) the per capita production of alternative margarine substances in such countries?

21. Will the government inform the house of the average cost of butter
(a) in Canada
(b) in our world markets
for the last twenty years?

22. Will the government inform the house of the comparative cost of butter (a) in Canada; (b) in the U.S.A.; (c) in New Zealand; (d) in Denmark, for the last three years?

23. Is the government informed of any individual corporation—of large or small magnitude—fostering the idea of oleomargarine production for Canada?

24. If so, who are they, and what representations have they made?

25. What was the production in Canada of edible oils suitable for the manufacture of margarine in 1947 from
(a) domestically produced raw material;
(b) imported raw material?

26. What were the imports of edible oil into Canada for 1947 and from what countries were they imported? Give quantities and value.

27. What are the corresponding estimates for 1948 and 1949 of the figures asked for in questions 25 and 26?

28. Are there grounds for believing the margarine could not be produced as cheaply in this country as it could be imported from abroad?

29. Is there any way in which Canada could increase her combined supplies of oils and fats from domestic and imported sources faster than the world supply increases, so long as the world supply is subject to international control and Canada accepts its resulting international obligations?

Hon. Mr. ROBERTSON: Honourable senators, I would ask that this be passed as an order for return.

The motion was agreed to.

SUSPENSION OF RULES

MOTION

Hon. Mr. ROBERTSON moved:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said: Honourable senators will recall that these rules specify the length of notice that must be given before proceeding from one stage to another when dealing with bills. It is the custom to pass this motion as we approach the end of the session. As the house has always been very courteous in extending to me, as to other members, every facility necessary for the consideration of measures that come before us, I hesitate to introduce the motion, and I do so only because it is in accord with the practice.

The motion was agreed to.

ADJOURNMENT

Hon. Mr. ROBERTSON: Honourable senators, I intimated last week that in all probability the house would be sitting on Friday of this week; but business has been so expedited in the meantime that I now see no reason why we should not adjourn today when we have cleared the Order Paper. It is my intention, therefore, to move that when the house adjourns this afternoon it stand adjourned until Monday evening next at 8 p.m.

DOMINION SUCCESSION DUTY BILL

SECOND READING

Hon. Mr. ROBERTSON moved second reading of Bill 331, an Act to amend the Dominion Succession Duty Act.

He said: Honourable senators, I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. A. K. HUGESSEN: Honourable senators, this is a bill to amend the Dominion Succession Duty Act in accordance with the budget resolutions. As has occurred in similar cases, the department concerned has taken advantage of the bill to propose certain additional amendments in the form of clarifications and corrections. These features of the bill are of minor importance and can, if necessary, be dealt with in committee. I will deal, therefore, with only the two major changes which the bill brings about, both of which were referred to in the budget resolutions.

The first change is found in subsection 2 of section 3 of the bill, and permits of complete exemption from succession duties of property left to charitable organizations in Canada. At the present time the exemption on property left to charity cannot exceed 50 per cent of the net value of the whole estate. Under the proposed amendment the whole of an estate can be left to charitable organizations in Canada and thus escape succession duty.

The second and most important amendment is found in subsection 3 of section 3 of the bill. It increases the succession duty exemption on estates from $5,000 to $50,000.

Hon. Mr. HAIG: Will the honourable gentleman permit me to interrupt him at this point? In anticipation of this bill coming before the house this matter was discussed the other day in the Committee on Finance. As I understand it, succession duty is not payable to the Dominion Government on an estate of $50,000. But on what amount is an estate of $60,000 taxable?

Hon. Mr. HARDY: On $60,000.

Hon. Mr. HUGESSEN: I am prepared to deal with that question, and shall be pleased to do so. At the present time estates of a value of less than $5,000 are completely exempted from dominion succession duty. By this amendment estates of $50,000 or less will also be completely exempt. I hasten to point out that this does not mean that the first $50,000 of an estate is not taxable. For instance, if a man leaves an estate of $50,100, a duty will be paid. It is only when the net value of an estate is $50,000 or less that it escapes the duty.

Hon. Mr. EULER: Would duty be payable on the whole $50,000?

Hon. Mr. HUGESSEN: Please let me explain.

Hon. Mr. QUINN: Would duty be paid on $50,100?

Hon. Mr. HUGESSEN: Let me illustrate by comparing two estates. Two men die, one leaving an estate of $49,900 and the other an estate of $50,100. No duty would be payable on the first estate, but under the provision technically termed a "notch provision", set out in section 3, subsection 4A of the bill, an estate of $50,100 would in no event pay a succession duty which would reduce its net value to less than $50,000. In other words, a duty of $100 would be payable, irrespective of the rate under normal circumstances. In those marginal cases provision is made for levying a duty sufficient to absorb the amount in excess of $50,000.

Hon. Mr. ASELTINE: Do I understand that in every case $50,000 would go to the beneficiaries or next-of-kin, irrespective of succession duty?

Hon. Mr. HUGESSEN: That is so. The net value of the estate distributable among the beneficiaries cannot be less than $50,000.

Hon. Mr. LAMBERT: Does that apply to an estate of $60,000?

Hon. Mr. HUGESSEN: Save for the exception of this "notch provision", taxes will be paid on the whole estate at the rates set out in the schedule to the Act.

Honourable senators will be interested in knowing that as a result of this proposed amendment nine out of ten estates now subject to dominion succession duty will be free of duty. In other words, nine out of every ten estates are worth $50,000 or less. This provision will entail a loss to the treasury, but it will not be large. I am informed that in the last fiscal year the total amount of succession duties levied under the Act was approximately $32,000,000, and that the anticipated loss under this amendment will be $5,000,000.

I do not know that there is anything I can usefully add to explain this bill at the second reading stage. I suggest that, should it receive second reading, it be referred in the normal course to the proper standing committee.

Hon. Mr. HAIG: The benefits of this amendment are restricted to estates of $50,000 or less.

Hon. Mr. HUGESSEN: Correct.

Hon. Mr. HAIG: There is practically no reduction in respect of estates over that amount.

Hon. Mr. HUGESSEN: Quite right.

Hon. Mr. HAIG: The rate, I think, is 8 or 9 per cent. An estate of $80,000 would be subject to tax on the whole amount.

Hon. Mr. HUGESSEN: Yes. The only person who gets the benefit of this change is the man who benefits by this "notch provision" where the value of the estate is just over $50,000.

Hon. Mr. HAIG: I have read the bill. I think my honourable friend omitted to say that it is retroactive to January 1 of this year—

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. HAIG: —and there will be some refunds in respect of smaller estates. In the western provinces, and certainly in the prairie provinces, as the honourable senator from Rosetown (Hon. Mr. Aseltine) has remarked, the proportion of estates to benefit will be greater than one in ten, probably more like one in twenty, although there will be some important estates. I happen to know that in the province of Manitoba the total amount collected last year in dominion succession duty tax was about $780,000.

There is one provision which, as a practising lawyer, I would like to suggest. I do not wish to criticize the Winnipeg office, but I do not believe that the dominion practice, if it is the same in the other offices as it is in Winnipeg—as I understand it is—is as good as we formerly had in the province of Manitoba.

Hon. Mr. HUGESSEN: In the provincial office?

Hon. Mr. HAIG: Yes. The provincial practice, which I regard as much better, concerns the valuation of estates. Valuation is always very difficult, especially when there are stocks or bonds or other securities to be dealt with. The relations of my firm and myself with the Winnipeg office have been cordial and entirely satisfactory, but I prefer the methods of the provincial department in dealing with estates. Their Winnipeg office paid the Real Estate Exchange $5,000 a year for valuations. In return, the exchange agreed to make a valuation of real estate in respect of any estate. It worked most satisfactorily. When, upon application for the passing of succession duty, the administrator or his officials had to determine the value of real property in their district farm lands, for instance, and their information for estimating its value was inadequate, they would ask the Real Estate Exchange to make a valuation. A similar system in Toronto or Montreal would, of course, cost more, but the fee is small in relation to the size of the estate; and our officials have told me personally that they have saved many times over, the amount of the outlay. Prior to that arrangement it was most difficult to establish valuations; for instance, in the case of city properties. I recommend to the department the adoption of this system. Nobody knows which valuator will be chosen. The officials write the secretary of the exchange stating, for example, "We would like a valuation of a certain farm at St. Jean" or "a house in Brandon": then the valuation is made; and, as I have said, the plan has worked out very satisfactorily.

The exemption of estates up to a value of $50,000 is a move in the right direction. The amount involved is not large, and the ordinary person will be relieved of what has always seemed to me a very unfair tax on a small estate.

Hon. Mr. HARDY: In Ontario the practice is—and according to a statement made by Dr. McCann a short time ago, the dominion department has followed it—to accept the assessment, not of necessity nor in a hide-bound way, but as the basis of the valuation. As a general rule, of course, the assessment value is a little below the real value.

Hon. Mr. HAIG: Would the house permit me to say a word on that point? In Manitoba, municipalities can assess land at the unimproved value or the improved value, or partly on one basis and partly on the other; and one municipality may have a low rate of assessment while another one has a higher rate of assessment. In Manitoba the system of valuation on municipal assessment was abandoned about twenty years ago; and we shall never return to it.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. HUGESSEN: I move that this bill be referred to the Standing Committee on Finance.

Hon. Mr. HAIG: We on this side do not want the bill to be referred to committee. We are satisfied that it should now be read the third time.

Hon. Mr. HUGESSEN: If I may be permitted, and if the house concurs in giving the bill third reading now, I will withdraw my motion.

Hon. Mr. HAIG: You have answered our questions.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time, and passed.

LOAN COMPANIES BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill F, an Act to amend The Loan Companies Act.

Hon. Mr. ROBERTSON: Honourable senators, I move concurrence in these amendments which have been received from the other place. I shall ask the honourable senator from Inkerman (Hon. Mr. Hugessen) to explain them. I might point out that the text of the amendments appears on page 378 of our Minutes of Proceedings. If the explanation of the honourable senator from Inkerman should prove as acceptable as the one he has just made, perhaps honourable senators will accept it as sufficient; but if any honourable senator thinks that the amendments should be referred back to the committee which originally considered the bill, I shall be quite willing to adopt that procedure.

Hon. A. K. HUGESSEN: Honourable senators, the amendments made by the House of Commons to this bill are very simple and, I think, entirely unobjectionable. The first one deals with proxies at meetings of shareholders of companies which are subject to this bill, and is to the effect that no proxy shall run for a longer period than one year. That, I think, is good practice. The second amendment, which is to section 22 of the bill, simply provides that if one of these loan companies should desire to establish the position of chairman of its board, a chairman of the board may be appointed. These are the only two amendments. I suggest that they are both simple and helpful, and that the Senate might accept them without referring the bill to committee.

The motion was agreed to.

DAIRY INDUSTRY ACT

PROPOSED REFERENCE TO SUPREME COURT

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler.

That, in the opinion of this house, the government should, immediately after prorogation of the present session of parliament, refer to the Supreme Court of Canada for the opinion of that court the question of the constitutional validity of that part of the Dairy Industry Act, chapter 45 of the Revised Statutes of Canada 1927, which prohibits the manufacture or sale, or having in possession for sale, or offering for sale, oleomargarine, margarine, butterine or other substitute for butter, manufactured wholly or in part from any fat other than that of milk or cream.

Hon. WISHART McL. ROBERTSON: Honourable senators, it will be recalled that yesterday I asked the honourable senator from Wellington (Hon. Mr. Howard) to adjourn the debate as Whip in order that I might consider what I should say in my official capacity, if anything, in connection with this motion.

As I am a member of the government that will be asked to consider a certain course of action if the Senate concurs in this resolution, I feel that I should not be called upon to take any stand either in support of it or in opposition to it. For this reason, too, I believe that I should be permitted by the Senate to abstain from voting should the matter come to a vote. I am sure that, if this house sees fit to pass the resolution, the government will consider it carefully, as it does every resolution that comes from the Senate. It is no light matter to question the validity of legislation that has been on our statute books for some sixty years, during which, I believe—apart from the communication that my honourable friend from Waterloo (Hon. Mr. Euler) said he sent to the Minister of Justice—no protest has been made to the government at any time. No province has ever questioned the validity of the statute. I can only repeat that if the Senate in its wisdom sees fit to pass this resolution, I am sure the government will give it careful consideration.

Hon. Mr. HAIG: Question!

Hon. ARTHUR W. ROEBUCK: Honourable senators, as I intimated yesterday, I wish to make some observations with respect to this resolution. Since my honourable friend the leader of the government is a part of the government to whom the Senate may refer this matter, I appreciate the stand he has taken. It is quite proper that he should reserve his decision until he has heard the representations of others.

The honourable leader has said that he knows of no one who has ever taken objection to this legislation. I have heard many objections over a considerable length of time, particularly since the Act has been under consideration in this house. It is true that no private individual nor any province of the dominion has actually challenged the legislation in our courts; but is it sound in principle to maintain legislation, irrespective of whether or not it is constitu-

tional, so long as it is not attacked? The attacking of legislation in courts by private individuals is an expensive process, fraught with difficulty and great expenditure of time. Businessmen have learned that, within reason, the farther they keep from courts the better. Furthermore, it is only when established interests are affected that challenge to legislation may be contemplated. In this instance the manufacture of oleomargarine has been prohibited, so there is no manufacturing class to take exception to this legislation. Therefore, the fact that it has not been challenged is no reason for supposing that the legislation is constitutional; nor is it any reason why we should refrain from attacking the legislation if it is not constitutional.

Honourable senators, the mover of this resolution said that, not being a lawyer, he left legal interpretation to members of the house who are qualified in that field. This was modesty on his part; yet it did throw a certain responsibility on the lawyers in this house to express their views. As a humble member of the legal profession I have some points to discuss; and the way is open to other lawyers in this house to argue this question.

First, let me make the rather trite statement that, according to section 92 of the British North America Act, property and civil rights lie within the jurisdiction of provincial legislatures and not that of the dominion parliament

Secondly, there is the equally unchallengeable proposition that the manufacture and sale of oleomargarine is normally a civil right. Oleomargarine is property, and the deals whereby it is exchanged from one person to another are matters of a civil right. Obviously, if nothing intervenes, such matters are within the jurisdiction of the provincial legislatures.

It must not be forgotten, however, that the British North America Act gave to the Dominion Parliament legislative jurisdiction over peace, order and good government in Canada, and over the criminal law and trade and commerce. All three of these classifications may in some way include the subject-matter which we are now discussing; and frequently subject-matters fall within two jurisdictions. From one aspect the subject may come within property and civil rights, but from another aspect it may fall under the good government of Canada; it may be a matter of criminal law, of trade and commerce, or of something else within the many divisions of the British North America Act. It therefore becomes a matter of judgment, aided by precedent, to ascertain what is the outstanding purpose of the legislation, in order to determine whether in the main it falls within one or other of the classifications, and consequently within one or other of the jurisdictions.

I might also add at this moment that peace, order and good government is a subject which expands and contracts according to conditions. In times of crisis, such as war or an upheaval of nature, a subject-matter which normally falls within one of the other classifications of the British North America Act may be transferred to the classification of peace, order and good government, because the necessity of maintaining peace, order and good government in this country is superior to the other rights, say of property or what-not.

A subject-matter which may be instanced as falling within two jurisdictions is that of the liquor trade. As honourable senators will realize, liquor is a commodity, just as is, for example, oleomargarine. And, being a commodity, liquor is property, and the sale of liquor is the exercise of a civil right. But the courts held a good many years ago, in the case of *Russel v. The Queen,* (1882) Appeal Cases, page 829, that the Dominion Parliament was competent to enact what is known as the Canada Temperance Act, which under certain circumstances prohibited or regulated the sale of liquor in certain places. The reasoning behind the court's decision was that although liquor is property and its sale is the exercise of a civil right, there were phases of the subject-matter which brought it within the section empowering the Dominion Parliament to make laws for the peace, order and good government of Canada. I should like to read a passage from the Privy Council's judgment in that case. At page 838 their Lordships made this statement:

> Their Lordships cannot think that the Temperance Act in question properly belongs to the class of subjects, "Property and Civil Rights." It has in its legal aspect an obvious and close similarity to laws which place restrictions on the sale or custody of poisonous drugs, or of dangerously explosive substances.

I do not know what similarity there is between explosive substances and liquor, but their Lordships were able to find an analogy.

> These things, as well as intoxicating liquors, can, of course, be held as property, but a law placing restrictions on their sale, custody, or removal, on the ground that the free sale or use of them is dangerous to public safety, and making it a criminal offence punishable by fine or imprisonment to violate these restrictions, cannot properly be deemed a law in relation to property in the sense in which those words are used in the 92nd section. What parliament is dealing with in legislation of this kind is not a matter in relation to property and its rights, but one relating to public order and safety. That is the primary matter dealt with, and though incidentally the free use of things in which men may have property is interfered with, that incidental interference does not

alter the character of the law. Upon the same considerations, the Act in question cannot be regarded as legislation in relation to civil rights. In however large a sense these words are used, it could not have been intended to prevent the Parliament of Canada from declaring and enacting certain uses of property, and certain acts in relation to property, to be criminal and wrongful. Laws which make it a criminal offence for a man wilfully to set fire to his own house on the ground that such an act endangers the public safety, or to overwork his horse on the ground of cruelty to the animal, though affecting in some sense property and the right of man to do as he pleases with his own, cannot properly be regarded as legislation in relation to property or to civil rights. Nor could a law which prohibited or restricted the sale or exposure of cattle having a contagious disease be so regarded. Laws of this nature designed for the promotion of public order, safety, or morals, and which subject those who contravene them to criminal procedure and punishment, belong to the subject of public wrongs rather than to that of civil rights.

Honourable senators will appreciate that the courts in that instance upheld the infringement of property and civil rights on the ground that the Canada Temperance Act had for its main purpose the protection of the public from what their lordships at that time considered to be an explosive substance: that is to say, liquor. It was the peace, order and good government of Canada upon which parliament was legislating rather than the civil rights of persons who buy and sell.

Hon. Mr. KINLEY: That did not have to do with the manufacture of liquor?

Hon. Mr. ROEBUCK: No. But the right to manufacture is a civil right, just as the right to sell is a civil right.

Hon. Mr. KINLEY: Can a province prevent manufacture within its own territory?

Hon. Mr. ROEBUCK: As I said before, many things will fall into two classifications: in one aspect they will be within the legislative jurisdiction of the Dominion Parliament, while in other aspects they remain subject to provincial regulation. It may be that oleomargarine is one of those things, but that will be for the courts to decide. In the case to which I have referred, it was held that the Dominion Parliament had power to prohibit the sale of liquor wherever and whenever the Canada Temperance Act applied, but that did not deprive the provincial legislatures of power to regulate other conditions of manufacture, storage, sale or disposal.

Hon. Mr. KINLEY: That case deals with the Scott Act?

Hon. Mr. ROEBUCK: Yes, the so-called Scott Act, or the Canada Temperance Act.

As to the prohibition of the sale of oleomargarine, in my judgment the question for the courts to consider is whether the purpose of the prohibition, which touches property and civil rights, also falls within one of three classes of subjects in section 91: the criminal law, the regulation of trade and commerce, or laws for the peace, order and good government of Canada. I know of no other class in section 91 within which it could fall; and, in my opinion, if the courts decide that it does not come within one of those three classes, it must then be a matter beyond the jurisdiction of the Dominion Parliament.

One of the cases which I presume the court, if this matter is referred to it, would quite properly consider is the *Toronto Electric Commissioners v. Snider*, (1925) Appeal Cases, page 396. With your indulgence, honourable senators, I shall read from the head-note a statement of the facts of the case. It is as follows:

The Industrial Disputes Investigation Act, 1907, of Canada, provided that upon a dispute occurring between employers and employees in any of a large number of important industries in Canada the Minister for Labour for the Dominion might appoint a Board of Investigation and Conciliation. The Board was to make investigations, with power to summon witnesses and inspect documents and premises, and was to try to bring about a settlement; if no settlement resulted, they were to make a report with recommendations as to fair terms, but the report was not to be binding upon the parties. After a reference to a Board a lock-out or strike was to be unlawful, and subject to penalties.

It was held that:

The Act was not within the competence of the Parliament of Canada under the British North America Act, 1867. It clearly was in relation to property and civil rights in the provinces, a subject reserved to the Provincial Legislatures by s. 92, sub-s. 13, and was not within any of the overriding powers of the Dominion Legislature specifically set out in s. 91; the Act could not be justified under the general power in s. 91 to make laws "for the peace, order, and good government of Canada," as it was not established that there existed in the matter any emergency which put the national life of Canada in unanticipated peril.

Is there not some analogy between the subject-matter of the motion before this house and the facts of that case as considered by the court at that time.

Hon. Mr. BURCHILL: Was that a decision of the Supreme Court of Canada?

Hon. Mr. ROEBUCK: That is a decision of the Privy Council in England.

The point is that there is no public peril against which protection should be given by the legislation in question; therefore, the provision of peace, order, and good govern-

ment can scarcely be invoked for the purpose of taking the subject-matter out of its normal classification of property and civil rights.

The head-note continues:

Russell v. The Queen (1882), in the light of later decisions, can be supported only upon the assumption that the Judicial Committee considered that when the Dominion Act then in question was passed the evil of intemperance amounted in Canada to an emergency of the kind above mentioned.

Since the decision in *Toronto Electric Commissioners v. Snider,* it is settled opinion in the legal profession that the invasion of the provincial field of property and civil rights by the Dominion Parliament was justified in *Russell v. The Queen* only because of a public emergency and for the protection of public morals, public safety or something of that kind.

I wish also to refer to the case of *Attorney-General for British Columbia v. Attorney-General for Canada,* (1937) Appeal Cases, page 377. This case, in which I participated in the argument, concerns the Marketing Act. It was held that control of the sale of agricultural products, apart from interprovincial and foreign trade, came within property and civil rights, and not within any classification of section 91 of the British North America Act.

A most significant decision was referred to yesterday by my good friend the honourable senator from Parkdale (Hon. Mr. Murdock), who is patiently listening to me now. I refer to *In re the Board of Commerce Act, 1919, and the Combines and Fair Prices Act, 1919,* reported in Volume I, (1922) Appeal Cases, page 191. The head-note reads as follows:

The Combines and Fair Prices Act, enacted by the Parliament of Canada in 1919, authorized the Board of Commerce, created by another statute of that year, to restrain and prohibit the formation and operation of such trade combinations for production and distribution in the provinces as that board might consider to be detrimental to the public interest; the board might also restrict accumulation of food, clothing, and fuel beyond the amount reasonably required, in the case of a private person for his household, and in the case of a trader for his business, and require the surplus to be offered for sale at fair prices; and the board could attach criminal consequences to any breach of the Act which it determined to be improper.

This case presented a rather negative approach, requiring the sale of commodities rather than prohibiting their sale; it also set the terms upon which sales might be made. The case concerns interference with civil rights in the buying and selling of commodities; and the principles involved are similar to those affected by the motion before us.

In that case it was held:

That the acts were ultra vires the Dominion legislature, since 'hey interfered seriously with "property and civil rights in the provinces," a subject reserved exclusively to the provincial legislatures by s. 92, head 2, of the British North America Act, 1867, and were not passed in any highly exceptional circumstances, such as war or famine, which conceivably might render trade combinations and hoarding subjects outside the heads of s. 92 and within the general power given by s. 91. The power of the Dominion legislature to pass the acts in question was not aided by s. 91, head 2 (trade and commerce), since they were not within the general power; nor by s. 91, head 27 (the criminal law), because the matter did not by its nature belong to the domain of criminal jurisprudence.

The whole decision is full of interest to those studying this particular question of the manufacture and sale of oleomargarine. For instance, on page 199 you will find these observations by their lordships:

As their lordships have already indicated, the jurisdiction attempted to be conferred on the new Board of Commerce appears to them to be ultra vires for the reasons now discussed. It implies a claim of title, in the cases of non-traders as well as of traders, to make orders prohibiting the accumulation of certain articles required for every-day life, and the withholding of such articles from sale at prices to be defined by the board, whenever they exceed the amount of the material which appears to the board to be required for domestic purposes or for the ordinary purposes of business. The board is also given jurisdiction to regulate profits and dealings which may give rise to profit. The power to be given to the board applies to articles produced for his own use by the householder himself, as well as to articles accumulated, not for the market but for the purposes of their own processes of manufacture by manufacturers. The board is empowered to inquire into individual cases and to deal with them individually, and not merely as the result of applying principles to be laid down as of general application. This would cover such instances as those of coal mines and of local provincial undertakings for meeting provincial requirements of social life.

Legislation setting up a Board of Commerce with such powers appears to their lordships to be beyond the powers conferred by s. 91. They find confirmation of this view in s. 41 of the Board of Commerce Act, which enables the Dominion executive to review and alter the decisions of the board. It has already been observed that circumstances are conceivable, such as those of war or famine, when the peace, order and good government of the Dominion might be imperilled under conditions so exceptional that they require legislation of a character in reality beyond anything provided for by the enumerated heads in either s. 92 or s. 91 itself. Such a case, if it were to arise, would have to be considered closely before the conclusion could properly be reached that it was one which could not be treated as falling under any of the heads enumerated.

Note how reluctant the courts are to take a subject-matter out of one of the enumerated heads and include it in the general powers, the over-riding powers of the Dominion Parlia-

ment under section 91, to make laws for peace, order and good government.

In the light of these authorities I ask myself, does the manufacture and sale of oleomargarine satisfy any of these overriding provisions which I have mentioned sufficiently to take it out of provincial jurisdiction and put it under the control of this parliament? The question would not be couched in those words, but that would be the substance of the problem which, were this resolution to pass and were the government to accept our advice, would be referred to the courts. Let me consider these three heads individually.

First, the question of trade and commerce. It is certain that the sale or the manufacture of oleomargarine does not fall within the classification of interprovincial trade. Nor does it fall within the class of foreign trade or international trade. It is local trade, just as is the manufacture of any other commodity. Interprovincial trading, of course, is regulated by the Dominion. The Dominion Government could say that oleomargarine manufactured in Ontario might or might not, be sold in the province of Manitoba; that is, provided that in so doing they did not infringe, as I believe they would, other sections of the act.

And they might regulate the sale not only from one province to another but from the Dominion to some foreign country. But the regulation would apply only to that portion of the trade which was interprovincial or international; and this Act does not in any degree, under any of its phases, affect trade in oleomargarine on an interprovincial or international basis. It prohibits totally. So that this Act does not fall within trade or commerce; and in this connection I would recall what I have already said about the decision in *Attorney-General of British Columbia v. Attorney-General of Canada* in what was called the Marketing Act case.

Another heading is that of criminal law. Argument upon that feature is unnecessary: the sale of oleomargarine does not remotely resemble anything which falls within the category of criminal law.

Next comes the question of peace, order and good government—that classification which justified many acts of the Dominion Parliament in the late war. Many interferences with civil rights were justified under that broad over-riding power in section 91, "the peace, order and good government of Canada".

Hon. Mr. KINLEY: And Mr. Bennett's program.

Hon. Mr. ROEBUCK: My honourable friend interjects "Mr. Bennett's program". It was attempted to justify, on the ground of peace, order and good government, the Bennett program, which was a series of Acts of parliament. But so far as I remember at this moment, in not one case was the legislation upheld on that ground; and as respects a very large amount of legislation, including the Marketing Act to which I have referred as analogous to the case before us, the Dominion's competency was denied. I think I can say with positiveness that the sale of oleomargarine does not affect in any way public order in Canada.

Hon. Mr. HUGESSEN: Only in the Senate!

Hon. Mr. ROEBUCK: There is nothing disorderly about the sale of oleomargarine. There is nothing which threatens in any way—I mean, within the legal meaning of the words—the peace, harmony and well-being of the people of this Dominion.

Hon. A. L. BEAUBIEN: It might kill somebody.

Hon. Mr. ROEBUCK: No, it will not kill a single soul, although it might build up the bodies of some. But we are not arguing at the moment the merits, we are arguing only the question of law.

Nor has the sale of oleomargarine any relevance to the safety of the state, which is one of the phrases so often used to justify the transfer of some subject of legislation from property and civil rights to the over-riding powers of the Dominion Parliament. In this legislation there is no reference to the safety of the state.

There is no effect upon public morals such as seems to have influenced the Law Lords in 1882 in *Russell* v. *The Queen* when they upheld the legislation of the Dominion Parliament controlling the sale of liquor under some circumstances.

Finally, the crisis through which Canada has recently passed is now four years gone by, and in Canada today there is no crisis beyond that which always exists and which is not of the type referred to by the Law Lords. I see no reason to justify taking the sale and manufacture of oleomargarine out of provincial jurisdiction and transferring it to dominion jurisdiction.

Believing, as I do, that this legislation is ultra vires of this parliament, I submit that it ought to be referred to the courts in order to determine authoritatively the constitutional question involved. The Dominion Parliament should not, in good public morals, maintain on the statute books legislation which is beyond its control. If this legislation is ultra vires of this parliament, it should be repealed and abolished. We have enough to do within the powers granted us by the British North

America Act, without assuming rights we do not possess, and which it would be immoral for us to attempt to exercise.

Honourable senators, I support this resolution.

Hon. Mr. KINLEY: May I ask the honourable senator a question? He has given his opinion—and it is only his opinion—that this legislation is ultra vires, as it is a matter of property and civil rights and therefore comes under the jurisdiction of the provinces. Suppose that tomorrow the attorney general of a province is of the same opinion and has a law passed permitting the manufacture and sale of oleomargarine in that province, which he can do, what would happen to that section of the British North America Act which provides that there must be free trade between the provinces?

Hon. Mr. EULER: He does not need a law; he has the power now.

Hon. Mr. ROEBUCK: I do not think the section of the British North America Act referred to would be affected. There would be two statutes on the books, one enacted by the Dominion and the other by the province, each antagonistic to the other. They would remain on the statute books until some private interest attacked the legislation and the matter came before the courts, when the judges would decide that one or the other of the Acts was ultra vires of the legislature which enacted it. The statutes might remain unaffected until the provincial executive or the Dominion executive referred the whole matter to the courts, in conformity with certain powers, possessed both in the Dominion and the provinces, to refer to the courts matters which they think should be clarified.

Hon. Mr. KINLEY: You see how involved the matter becomes.

Hon. Mr. ROEBUCK: "Oh, what a tangled web we weave, when first we practise to deceive!"

Hon. Mr. KINLEY: In the United States the Supreme Court held that it was a matter of trade and commerce, and thus the legislation of the individual states was over-ridden.

Hon. Mr. ROEBUCK: According to the Constitution of the United States, drawn in 1787, "trade and commerce" in that country is entirely different from "trade and commerce" as referred to in our statute of 1867.

Some Hon. SENATORS: Question!

The motion was agreed to.

The Senate adjourned until Monday, June 14, at 8 p.m.

THE SENATE

Monday, June 14, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE

The Hon. the SPEAKER: Honourable senators, I have the honour to present the first report of the Joint Committee of both houses on the Library of Parliament. When shall this report be taken into consideration?

Hon. Mr. HAIG: Next sitting.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

FIRST READING

A message was received from the House of Commons with Bill 339, an Act to amend an Act respecting the National Battlefields at Quebec.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

NORTHWEST TERRITORIES POWER COMMISSION BILL

FIRST READING

A message was received from the House of Commons with Bill 340, an Act respecting the supplying of electrical power in the Northwest Territories.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

YUKON BILL

FIRST READING

A message was received from the House of Commons with Bill 341, an Act to amend the Yukon Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill O-11, an Act for the relief of Samuel Lankszner.

Bill P-11, an Act for the relief of Audrey Maude Victoria Giles Findlay.

Bill Q-11, an Act for the relief of George Elias Heydenreich.

Bill R-11, an Act for the relief of Guiseppina Cannuli Catalfamo.

Bill S-11, an Act for the relief of Ann Laurie Willett Allan.

Bill T-11, an Act for the relief of Leon Schechter.

Bill U-11, an Act for the relief of Beatrice Evelyn Tutill Bobinsky.

Bill V-11, an Act for the relief of Una Mary Phillips Slavin.

Bill W-11, an Act for the relief of Margaret Laidley Lawrie Burke.

Bill X-11, an Act for the relief of Albert Kenworthy.

The bills were read the first time.

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Next sitting.

QUEBEC SAVINGS BANKS BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill Y-11, an Act to amend the Quebec Savings Banks Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

SASKATCHEWAN NATURAL RESOURCES BILL

FIRST READING

Hon. Mr. ROBERTSON presented Bill Z-11, an Act to amend the Saskatchewan Natural Resources Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

CUSTOMS TARIFF BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill 333, an Act to amend the Customs Tariff Act.

He said: This bill contains that part of the budget proposals which relates to tariffs and customs. It will be remembered that several bills have been presented for our consideration: all, with one exception, have been referred to the Standing Committee on Finance. I shall make a brief resume of the contents of this bill, and if honourable senators require additional information it can be secured through the medium of our Committee on Finance, to which I shall ask that the bill be referred, and at whose meeting tomorrow morning departmental officials will be in attendance.

In the first place, there are a number of minor tariff changes, all downward, which will be of some help in reducing the operating costs of a number of industries. The second main feature of the bill is to provide for the temporary suspension of the British preferential duties on cotton and rayon piece-goods until June 30, 1949, subject to restoration at any time before that date by the Governor in Council, should that become desirable. In view of our undertaking at Geneva not to widen existing preferential margins, this involves a corresponding reduction in the most-favoured-nation rate on these goods. These duties have been temporarily lifted on the undertaking by the British government that every effort would be made to meet the shipment target of 80,000,000 yards of cotton piece-goods in 1948, and that, through price reductions in British textiles, equivalent benefits would accrue to the Canadian consumer.

The concession of these duties will help Britain to regain her market in Canada for textiles by enabling them to be sold at a more competitive price, and will thereby help to reduce the balance-of-payments gap between the United Kingdom and Canada. As a precaution against unforeseen and unfavourable developments, the government is asking that it have the power to restore these duties to their former level by order in council. This precaution is considered desirable in the unsettled state of present world trading and financial conditions.

Other minor changes included in the bill are of an administrative or drafting character.

Perhaps the most important is the substitution of the name "most-favoured-nation tariff" for "intermediate tariff".

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Finance.

The motion was agreed to.

INSURANCE COMPANIES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill N-11, an Act to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932.

He said: Honourable senators, the purpose of this bill is to enlarge to some extent the investment powers of Canadian insurance companies, and to extend the field of investments in which British and foreign insurance companies may invest in trust for Canadian policyholders. This refers of course to those insurance companies which are now doing business in Canada.

New types of investment are continually coming into existence, consequently it is desirable to enlarge from time to time the powers of Canadian insurance companies, to enable them to take advantage of new opportunities. This is essential in order that the cost of insurance may be kept as low as possible through the maximum interest revenue consistent with safety of principal, and also that the companies may put their funds to work in ways that will contribute most to the welfare of the economic system of the nation as a whole.

The companies claim to be experiencing more and more difficulty in finding suitable investment outlets for their funds within the present investment provisions of the Act, partly by reason of the changes in these provisions in recent years. In many instances too, Canadian companies appear to be at a substantial competitive disadvantage, even in Canada, because of the relatively wider investment powers possessed by British and foreign insurance companies doing business here.

Representatives of the companies have been conferring for several months with the officials of the Department of Insurance with a view to a possible revision of the existing provisions wherever appropriate, and while these discussions have not yet been completed, the present bill is a step towards a reasonable extension of investment powers.

Honourable senators will note that subsections (1) and (2) of section 1 of the bill relate to essentially the same subject, namely, guaranteed or insured mortgages. Subsection

(1) relates to the powers of a company to invest, and subsection (2) relates to powers to lend.

One of the main provisions in the Act with respect to investments in mortgages or loans upon real estate is the same as that found in many statutes governing investments, namely, that a mortgage shall not exceed 60 per cent of the value of the real estate securing the mortgage.

Hon. Mr. HAIG: Appraised value?

Hon. Mr. ROBERTSON: Yes, appraised value. However, in 1935 a new type of "insured" mortgage originated in the United States under the National Housing Act of that country.

Under the Act relatively larger mortgages could be arranged, and their safety was insured by the United States Government through the Federal Housing Administrator. These mortgages proved to be a very desirable form of investment for insurance companies, and our Act was amended in 1944 to authorize Canadian companies to invest in them. More recently, other similar plans have been formulated both in Canada and the United States. Under the terms of the Housing Development Act, 1948, passed at the last session of the Ontario legislature, the government of that province may guarantee loans made for housing purposes. In the United States additional loans may now be arranged through the Administrator of Veterans Affairs, and these additional loans carry the guarantee of the United States government.

The effect of the amendments made by subsections (1) and (2) of section 1 of the present bill is to make general the existing provisions relating to one plan of insured or guaranteed mortgage, and thus be enable companies to take mortgages in excess of 60 per cent of the value of the real estate where the excess is insured or guaranteed by the national, provincial or state government, and is, therefore, virtually as secure as the bonds of that government.

Subsection (3) of section 1 of the bill authorizes investments, not falling within the specified classes, up to 3 per cent of a company's total assets. This is a new principle in the Act, designed to give the companies a small amount of investment freedom, which, however, is subject to certain exceptions and limitations.

In many new fields of investment it is becoming increasingly difficult to specify tests that will ensure safety, and sometimes the best investment opportunities in new fields are past before the necessary amendments to the Act can be made; sometimes, too, investments, very similar to and equally as sound as some of those authorized, are obtainable, but are ruled out because of the specified proscriptions in the Act. In Great Britain the insurance companies have practically 100 per cent freedom, and recently several of the American states have amended their laws to permit freedom to the extent of 5 per cent or 7½ per cent of a company's assets. It is therefore considered that the proposed limit of 3 per cent for Canadian companies is reasonable and safe. In this connection the fact should not be overlooked that, whether investment fields are restricted or not, the final responsibility for making wise investments always rests in the same place, namely, in the company's management.

It should be noted that the wider powers that will be conferred upon the companies under the proposed new subsection are nevertheless subject to the general restrictions and prohibitions in the subsequent subsections of section 60, and also to the provisions of the new subsection itself. Most of the latter are manifest, except the reference in subparagraph (ii) to "the first proviso to subparagraph (v) of paragraph (b) of subsection one". The proviso here referred to stipulates that not more than 30 per cent of the total issues of the stocks of any corporation shall be purchased by any company, that no company shall invest in its own shares, and that no life insurance company shall invest in the shares of any other life insurance company.

Sections 2 and 3 of the bill merely extend the existing provisions of the acts relating to the assets of British and foreign companies that may be vested in trust for Canadian policyholders, so that the minister, with the approval of the Treasury Board, may be in a position to accord to British and foreign insurance companies transacting business in Canada, treatment which is similar as far as practicable to that accorded to Canadian companies.

This is a bill in which undoubtedly a good many senators are interested. While I have endeavoured to explain its contents as clearly as I could, on the information provided to me, I intend to move after the second reading that the bill be referred to the Standing Committee on Banking and Commerce, in order that further information may be obtainable from departmental officials.

Hon. JOHN T. HAIG: Honourable senators, I am not altogether opposed to this bill, but it has some provisions that I do not like. There are reasons for the legislation, and they are not far to seek. The first reason is that the government's policy as to money control has reduced the interest rate on government bonds

to a lower level than that on which most companies have based their policies. That has created a tremendous difficulty. The dividend that you get on a paid-up policy now is at so low a rate that, to say the least, it is most disappointing. The reduction of interest on government bonds has driven the insurance companies to desperation in their efforts to get investments for their surplus funds.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. HAIG: I was not surprised when I read this bill the other day. The insurance business is a most difficult business to protect. However well managed a company may be, nobody can tell what may happen to its investments in the future.

The government's policy of low interest has not made cheap money available to the people who need it; it has meant cheap money for the government only. I think the government would be well advised to let up on its control, so that cheap money may become available for investments other than government bonds.

All the people who live on investments are suffering as much as any people can possibly suffer from decreased income. Widows and children who were left sums of money invested at 5 per cent now find that their investments bring in only 2¾ per cent, and they are having great difficulty in getting along. What makes it particularly hard for them is that the increase in the cost of living has been far more than the 150 per cent which the official figures indicate. These figures are based on rent-controlled properties, not on the cost of new buildings.

My second point is that our taxes—dominion, provincial and municipal—are so heavy that it is impossible for a company to build up much of a reserve for investment or for any other purpose. I admit that under this bill a company can make investments in certain new fields, but only up to 3 per cent of the book value of the company's total assets. The present law permits loans on a property to a maximum of 60 per cent of the appraised value, and it is proposed by the bill that this proportion may be exceeded only where a government is on the guarantee.

In speaking the other day on the National Housing Bill I stated that I did not think there would be any houses built under that particular measure. But what do we see some insurance companies doing?

In the city of St. Boniface a large insurance company has taken over part of a golf course, and is constructing streets and sewers, preparatory to building houses. I do not believe it was ever intended that insurance companies should undertake such projects. They may have the legal right to do it, but that type of speculation has cost some of us a lot of money. No matter how carefully we look at things, we can make mistakes. For instance, four years ago the government built a structure costing $300,000, just fourteen miles out of Winnipeg on Highway No. 1. Today it is all boarded up, and is about to be burned or torn down. Surely the government should have known what it was doing when it invested such a sum of money.

Hon. Mr. QUINN: Was that a housing project?

Hon. Mr. HAIG: No. It was built as a veterans' hospital or recreation centre. When the government is so far wrong in some of its decisions, is it not possible that the insurance executives might also be wrong? When a building is completed, and is appraised by a competent valuator, an insurance company may lend up to 60 per cent of the value. I can see no reason why these companies should be allowed to go into speculative investments.

For the ordinary man or woman who wants to borrow, money is no cheaper today that it was ten years ago. In every city in Canada there are certain companies which lend money at rates as high as 24 per cent per year. There are a half dozen such companies in Montreal, in Vancouver and in my own city. They do not lend cheap money to the people who need it most. This bill is intended to get around the cheap money policy of the government, and to prevent the companies from attempting to accumulate reserves because of excessive taxation.

Hon. Mr. LAMBERT: May I interrupt my honourable friend? It is quite obvious that this bill is complementary to the housing bill which was passed here last week.

Hon. Mr. HAIG: That is quite true. I am not afraid of that feature of the bill; that is a small part of it.

Hon. Mr. LAMBERT: I cannot follow my friend's argument when he says that this bill is an attempt to get around the cheap money policy.

Hon. Mr. HAIG: That is not what I meant. The government, by controlling bond interest at 2¾ per cent, is getting cheap money; but all the people do not get the benefit of the low rate. When the ordinary person has to borrow money, he pays as high as 24 per cent.

Hon. Mr. LAMBERT: That is not the same thing.

Hon. Mr. HAIG: It is just the same thing. Only large corporations can borrow money at low interest rates.

I am not going to oppose the bill; but I want to know the reason for it. It does not impress me when my honourable friend the leader of the government (Hon. Mr. Robertson) says that this kind of legislation has been passed in the United States. I know of no country in the world that took the dusting on the money situation that the United States did in the period of 1930-33, when banks went broke and were closed, and it took a most able president to save them.

I do not know what the financial position of Great Britain is going to be. We have already lent her huge sums of money. I hope we get it back, but I am not confident that we will. It is my view that we should paddle our own canoe and not be too eager to follow the experiments of other countries until they have been proved by positive results.

I do not like legislation that removes protection from the savings of the people. These large insurance companies have inspectors who go around and look at properties; but I know of one large company which in 1932 came to the Prime Minister of Canada and said "The jig is up", whereupon he introduced legislation that gave them ten years to value their assets, and they got by.

We are not at all sure that our present prosperity will continue forever. It is quite plain that the world today is waiting with bated breath to hear what the United States Congress will do with the European assistance program. When the elected representatives in that country today vote to cut the assistance by 26 per cent, what will happen a year from now when things are harder to get? Are they likely to increase the amount or to cut it down? That is a question no one can answer. I believe that our present prosperity cannot continue in the face of the anxiety of the whole world about the United States lending policy. Our assistance to Great Britain of 3 billion 100 million by way of gift and mutual aid was supposed to carry that country through its difficulties. But that is all gone. We then lent her a further billion and a quarter. Now the billion is gone and the quarter is pretty well spent, and she is grasping for more money. When we are asked to consider the responsibilities of insurance companies to their policyholders, we should not forget all these conditions.

When the bill goes to committee I intend to ask the officials what is the basis for it. To say that the United States or Great Britain has similar legislation is no answer. I have to be shown that our policyholders are being protected.

Hon. Mr. ROBERTSON: I was not advancing the argument that because the United States did something Canada should do it. I was pointing out the policy adopted by the government in this matter. There is conclusive evidence that during the war and post-war period this country, under the leadership of the present government, has afforded to the world many striking instances of success in all fields. This is another instance of the coolness and care of the government in financial matters—a policy which has brought Canada to the happy position she is in today, and which, in my opinion, she will maintain in the years that lie ahead.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 15, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayer and routine proceedings.

EXCISE BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented the report of the Standing Committee on Finance, on Bill 228, an Act to amend the Excise Act, 1934.

He said: Honourable senators, the committee have in obedience to the order of reference of June 9, 1948, examined the said bill and now beg leave to report the same with one amendment.

The amendment was then read by the Clerk Assistant, as follows:

Page 14, line 28: after "forty-eight" insert: ", except section thirty-one which shall be deemed to have come into force on the nineteenth day of May, nineteen hundred and forty-eight."

The Hon. the SPEAKER: When shall the report be taken into consideration?

Hon. Mr. ROBERTSON: Now.

Hon. Mr. SINCLAIR: Perhaps I should explain the amendment. Clause 34 as it stands, provides that the Act shall come into force on the first day of October, 1948. This amendment makes the exception that clause 31 shall be deemed to have come into force with the budget resolutions on the nineteenth day of May, 1948.

The motion was agreed to.

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: Next sitting.

EXCISE TAX BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented the report of the Standing Committee on Finance on Bill 332, an Act to amend The Excise Tax Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 9, 1948, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the SPEAKER: When shall the bill be read the third time?

Hon. Mr. ROBERTSON: I move that it be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME WAR TAX BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented the report of the Standing Committee on Finance on Bill 330, an Act to amend the Income War Tax Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 9, 1948, examined the said bill, and now beg leave to report the same with two amendments.

These amendments are of some consequence. The committee struck out clause 8 and clause 10, which provide for a higher interest rate on overdue taxes.

The amendments were read by the Clerk Assistant as follows:

1. Pages 5 and 6: Delete clause 8.
2. Pages 6 and 7: Delete clause 10.

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON: Honourable senators, since they may be of considerable importance, I ask that consideration of them be deferred until the next sitting.

The Hon. the SPEAKER: It is so ordered.

LIBRARY OF PARLIAMENT

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the report of the Joint Committee of both Houses on the Library of Parliament.

Hon. Mr. LAMBERT moved concurrence in the report.

The motion was agreed to.

QUEBEC SAVINGS BANKS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill Y-11, an Act to amend the Quebec Savings Banks Act.

He said: Honourable senators, I have asked the honourable senator from Grandville to explain this bill.

Hon. P. H. BOUFFARD: Honourable senators, a little over 100 years ago the parliament of the two provinces of Canada passed what is known as the Quebec Savings Banks Act, Chapter 14 of the Revised Statutes of Canada, 1927, under which two banks were incorporated: one, the Montreal City and

District Savings Bank, in Montreal; the other, the Quebec Savings Bank, in the city of Quebec.

The purpose of these two banks is to encourage small savings. All the accounts are savings accounts of from 25 cents up; to $3,000 they bear interest at 2 per cent per annum. They are opened and kept without any charge to the depositors. The banks remain open in the evenings for the convenience of their clients, people of the working class. It has been found that most people saving money in these two institutions are small depositors who do not touch their accounts except in special circumstances, such as for the higher education of a child, sickness in the family, or the purchase of a small business or a home.

Over the last ninety-nine years the Quebec Savings Bank has increased its establishment to fourteen branches, most of which are located in working-class districts. It has special facilities for school children, and takes deposits of from 25 cents up. It is used mainly by people who make very small deposits either weekly or monthly. It has fulfilled the purpose of its incorporation so well that it has approximately 46,000 accounts, of which over 37,000 are for less than $500.

The Act has not been greatly amended since it was first passed. By reference to it honourable senators will notice that the banks may invest their reserves in nothing but first-class securities, such as the bonds of the dominion, the provinces, the municipalities, schools, and of a few other bodies.

Of late years it has been felt that these banks could increase their services to clients. Suppose, as often happens, that a man who for a long time has had a small account at one of the banks needs to borrow money to meet some emergency. Up to the present time he has not been able to get a loan from the bank unless he has had collateral equivalent in value to at least the amount he wishes to borrow. Or take the case of a depositor who wants to start a small business, or buy a house. Regardless of how long his account has been in existence, he cannot borrow the funds needed, because the bank is prohibited from accepting a mortgage on his business or house as security.

The purpose of this bill is to extend the powers of these two banks in two ways. First, its proposes that the banks may make personal loans without security; and secondly, that they may lend on immovable property which has been improved. A bank would not be able to lend on vacant land.

Hon. Mr. HAIG: Will the honourable gentleman allow me? What is the proposed limit of the loans?

Hon. Mr. BOUFFARD: The limit of a personal loan is $1,000, and the bank cannot invest in such securities more than 5 per cent of the total amount of its deposits.

Hon. Mr. LEGER: That is a variation from the Bank Act.

Hon. Mr. BOUFFARD: It is. These two institutions are not commercial banks at all; they are patronized only by small depositors. Some of these people, once or twice in the course of their lives, need to borrow funds for a special purpose. At the present time the bank is unable to serve them.

Hon. Mr. HAIG: Will the honourable gentleman permit me to ask two more questions? What will be the rate of interest charged by the banks on personal loans?

Hon. Mr. BOUFFARD: Not more than 6 per cent.

Hon. Mr. HAIG: How much will the banks be able to lend on real estate?

Hon. Mr. BOUFFARD: Up to 60 per cent of the value of the real estate.

Hon. Mr. HAIG: At what rate of interest?

Hon. Mr. BOUFFARD: The maximum rate is 6 per cent.

As indicated in the answers that I have made to questions, the proposed additional powers are very limited. First of all, a bank cannot lend more than 5 per cent of its total deposits on either mortgages or personal loans; that is, altogether not more than 10 per cent of its total deposits on these forms of loans. Secondly, the maximum rate of interest chargeable by the bank is 6 per cent. Furthermore, real estate loans may be made only on improved property, not on vacant land, and the limit of any loan is 60 per cent of the value of the property. Also, no loan can be made on first mortgage security until approved by the board of directors.

Hon. Mr. HUGESSEN: The honourable gentleman means 60 per cent of the municipal valuation?

Hon. Mr. BOUFFARD: No, 60 per cent of the real value. It is the same limitation as applies to trust companies.

Hon. Mr. QUINN: That is 60 per cent of the appraised value?

Hon. Mr. BOUFFARD: Yes.

Hon. Mr. LEGER: Are the banks managed by a board of directors?

Hon. Mr. BOUFFARD: Yes. There are ten directors for the bank in Quebec city and twelve for the bank in Montreal. They are all outstanding men.

Hon. Mr. LEGER: How are they appointed?

Hon. Mr. BOUFFARD: They are appointed by the shareholders, the same as in any other bank or company.

Hon. Mr. HAIG: What is the issued capital stock?

Hon. Mr. BOUFFARD: The capital stock of The Quebec Savings Bank is $1,000,000, and that of the Montreal City and District Savings Bank is at least $2,000,000—I am told it is $3,000,000.

The purpose of the bill is to permit these banks to give better service to their clients, who do business with them rather than with the commercial banks.

These banks have been limited in their investments, and they now require a better interest return on their money. At the present time this amounts to not more than 3 per cent, 2 per cent of which they pay to their depositors. It is therefore necessary that they secure additional revenue from some source in order to carry on their business and provide services similar to those offered by other financial institutions.

As I have already stated, the Quebec Savings Bank has only fourteen branches. When a man enters its employ at the age of twenty-one or twenty-two, he expects to stay there for the rest of his life. With so few branches, promotion is naturally rather slow. It is necessary therefore, for the bank to pay its employees according to age and responsibilities rather than the positions they hold. To keep their employees happy both banks have had to meet the current rise in salaries. This has hit them quite hard. Consequently, they require additional revenue.

The bill contains some minor amendments to bring the Act into line with the Income Tax Act and the Bank Act, and certain provisions relating to income and investment returns.

When the bill has received second reading, I intend to ask that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. HAIG: May I ask one further question? How much money is on deposit in the banks?

Hon. Mr. BOUFFARD: In the Quebec Savings Bank there is approximately $21,000,000 on deposit; the amount in the Montreal City and District Savings Bank is approximately $50,000,000.

Hon. Mr. GOUIN: May I say that it is something like $138 million?

Hon. Mr. BOUFFARD: The honourable senator from De Salaberry (Hon. Mr. Gouin) is more familiar with the Montreal bank than I am.

Hon. CYRILLE VAILLANCOURT (Translation): Honourable senators, I take pleasure in supporting the bill moved by my honourable friend from Grandville (Hon. Mr. Bouffard) regarding the Quebec Savings Bank and the Montreal City and District Savings Bank. With the Quebec Savings Bank, we shall now have three organizations whose object is to help our low-income people by granting them loans out of their own savings.

Let us not forget that when the Quebec Savings Bank and the Montreal City and District Savings Bank were organized by the directors of the St. Vincent de Paul Society, the intention was to help people of small means. As very little speculation is carried on among the depositors of those banks, the latter feel no inclination to lend millions of dollars, even to their depositors; therefore, there can be no fear of huge losses.

I am happy to find today that both banks, after having been in operation for a hundred years, realize that they can help their small depositors rather than use their deposits to favour large organizations.

It is a wonderful departure, and one which is in the best interest of our working classes. Co-operation is always a good thing. In future, the People's Banks, the Quebec Savings Bank and the Montreal City and District Savings Bank will be able together to render a greater service to the people in the lower salary brackets and to the honest workingmen of our country.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SASKATCHEWAN NATURAL REOURCES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill Z-11, an Act to amend the Saskatchewan Natural Resources Act.

He said: Honourable senators, the purpose of this bill is to confirm an agreement dated May 28, 1948, between the Government of

Canada and the Government of Saskatchewan, to enable the latter to sell school lands to veterans without being subject to the restriction imposed by section 38 of the Dominion Lands Act, which requires sale by public auction. When control of Saskatchewan's natural resources was transferred in 1930 from the Dominion to the province, it was provided that school lands so transferred should be administered in accordance with sections 37 to 40 of the Dominion Lands Act. This meant that as a precaution against fraudulent practices, school lands could be sold only by public auction.

Following the recent war the provincial authorities, in co-operation with the federal Department of Veterans Affairs, adopted a plan for the settlement of veterans on school lands on a lease-option basis. A veteran may secure a lease of and an option to purchase land on undertaking to apply, over a period of years, a share of his crop towards payment of the purchase price. The plan is endorsed by both the provincial and federal authorities, but technically it is incompatible with the provision of the 1930 agreement that these school lands can be sold only by public auction.

The agreement which parliament is now asked to confirm will remove any legal doubts about the transactions. It is expected that the province will pass concurrent legislation at the first opportunity; meanwhile, confirmation of the agreement by the Dominion Parliament will make it easier for the Department of Veterans Affairs to approve the granting of various rehabilitation benefits to the veterans who are settled on these lands and are beginning farming operations.

Hon. Mr. HAIG: I do not object at all to this bill. My honourable friend has said that the purpose of it is to remove a legal doubt. There is no legal doubt about it: a veteran cannot acquire school land unless the statutory requirement that it be sold by public auction is complied with. What the bill does is to put under the control of the provincial government certain lands which otherwise would be sold at auction for school purposes.

I find nothing in the bill to indicate the destination of the money resulting from the sale of these lands to veterans. Recalling that in Manitoba we built up quite a large fund by the sale of public lands, and that Saskatchewan accumulated a much larger fund, I have wondered what is the intention in this respect. Therefore I ask what is to become of the money obtained for these lands? Certainly I have no objection to ex-soldiers getting the benefit of purchasing them, but the money should go, not to the province of Saskatchewan, but to the school land funds.

Hon. Mr. ROBERTSON: While I assume that the funds will continue to be assigned to the purpose indicated in the Dominion Lands Act, I am not at the moment in a position definitely to say so. If the house sees fit to give the bill second reading, I intend to move that it be referred to the Standing Committee on Natural Resources, where points such as the honourable senator has raised can be dealt with.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 339, an Act to amend an Act respecting the National Battlefields at Quebec.

Some Hon. SENATORS: Carried.

Hon. Mr. HAIG: What is the explanation of the bill?

Hon. Mr. ROBERTSON: I have asked the honourable senator from Grandville (Hon. Mr. Bouffard) to explain this bill.

Hon. P. H. BOUFFARD: If the Senate wishes to approve of the bill without any explanation, I am content.

Hon. Mr. HAIG: I want an explanation. That is what I was asking for.

Hon. Mr. BOUFFARD: The bill is a very simple one. It authorizes the Minister of Finance to pay out of the consolidated revenue of Canada to the National Battlefields Commission the sum of $100,000 for each of ten years, commencing April 1, 1948. One of its objects is the maintenance and upkeep, at Quebec, of what we call Battlefield Park, with which I shall deal in a little more detail when I come to the historical phase of the subject. The second object is to permit the commission, which for this purpose requires the special authorization of parliament, to acquire a new piece of property at the foot of the hill known as Gilmour Hill, and situate between the old and the new Champlain Roads. It is in the cadastre of the Parish of St. Colombe de Sillery. The land is to be acquired by the Battlefields Commission for the purpose of straightening a bad curve in the road leading out of the park.

The carrying out of this project will not cost the government anything, because the land will be acquired from the National Harbours Board. The only expense will be for the preparation of deeds of sale between the board and the commission.

Hon. Mr. LEGER: Is this the Valcartier Park?

Hon. Mr. BOUFFARD: No, it is the Battlefields Park. As the honourable senator probably knows, it extends from the prison in Quebec along Grande Allée as far as the cliff, and also in the direction of Ste. Foy. The park was established in 1908 in commemoration of two battles—one in 1759—on the Plains of Abraham, and the second in 1760 at Ste. Foy—the government and the people of Quebec subscribing an amount in excess of $450,000 to provide for the celebration of the tercentenary of Quebec and to acquire property for the purpose of establishing the park and preserving this historic site. From 1912 to 1928 the government made an annual grant. From 1928 for ten consecutive years grants of $75,000 were voted annually by parliament. From 1938 to 1948 a similar grant was made by the government. The commission now needs $100,000 a year for the preservation and adequate upkeep of the park, and the present bill provides for a grant of $100,000 a year during the next ten years.

Through the grants already received, one of the most magnificent park areas in Canada has been established on Grande Allée and on the Battlefields. The park is a source of enjoyment not only to the local population but to all who visit Quebec. There is not an American who comes to that city but goes into the park to enjoy the beauty of the place. It is situated approximately 300 feet above the level of the St. Lawrence, and overlooks not only that river but also the whole city of Levis, the Quebec Bridge, and the hills on the south shore of the river. It is really one of the most wonderful sites in Canada; and we are especially grateful to the government for having made it possible to preserve a place with such historic associations and make it one of the finest, if not the finest park in Canada.

Bearing in mind the amount required for salaries of employees and the materials necessary to properly maintain the park, the sum provided for is not exorbitant. The work which has already been done is extremely satisfactory to everyone; and I repeat that the government deserves to be complimented for having kept the place in such good condition. Every day hundreds of children are to be seen playing in the park; and automobiles on the roads of the park stop to let their occupants admire the sight before them.

There are only two recommendations that I should like to make. First, that the military barracks erected in the park during the war be removed. They detract from the beauty of that section of the park in which they are located. At times conditions have been so bad that the authorities have had to close certain roads to prevent outsiders from going through that area. The removal of these military barracks, when the government is able to get rid of them, will greatly enhance the pleasure of the citizens of Quebec and, I am sure, of all who visit the park in the summertime.

My second recommendation is that the prison also should be removed. A park is a place for enjoyment, and the sooner the site of the prison is changed to some other place, the better. In all other ways the government has done marvelously well. I understand that up to now it has been impossible to get rid of the military barracks, which are still occupied, or to construct another prison. However, I am sure that when these buildings are removed the park will be so improved that it will be the finest in Quebec if not in all Canada.

Honourable senators, if this bill is given second reading, I would suggest that it be referred to the Standing Committee on Natural Resources, where its details could be discussed.

Hon. JOHN T. HAIG: Honourable senators, I am very glad to support this bill because I believe that in the past we have done too little for our national parks.

I might suggest to the leader of the government that, if he thinks there may be difficulty in getting a bill through this house, he had better engage the services of the honourable senator from Grandville. I am not at all surprised that he was elected Bâtonnier of the province of Quebec. If I were opposing this bill, I would rather have anyone else than my friend from Grandville piloting it. I do not think it is necessary to send the bill to committee.

Through the years everyone in this house has been in favour of maintaining and improving Canada's splendid park system. The only criticism I can offer is that the government has failed to plan a system of super-highways and connecting roads across Canada to accommodate more tourist traffic. Canada has not paid enough attention to its roads. I am thinking not only of the money that tourists may bring into our country, but of the fact that there is a great free nation to the south of us, and that nobody is more bound up with them than we Canadians are. We like the Americans and

they like us. Some of us may have rows with them, but only as individuals.

Starting with Sir Wilfrid Laurier, the Government of Canada has always spent money on the development of national parks. In my own province there is a most delightful park, a place of beauty and recreation, as are the national parks in every province; but if super-highways were built across Canada more tourists would travel through our country and spend their vacations here. We in Ottawa see a good deal of tourist traffic from across the border. The roads are fairly good from Montreal or Toronto.

Hon. Mr. ASELTINE: Not from Montreal to Ottawa. That is the worst road in the world.

Hon. Mr. HAIG: I admit that it is not the best.

Hon. Mr. COPP: They come that way after visiting their homes in the Maritime Provinces.

Hon. Mr. HAIG: Perhaps they do; but the people I meet in the Ottawa hotels all come by way of Montreal or Toronto, and they get here as quickly as they can. After hearing the election results in Toronto the other day they did not stop at all, but came right through from that city.

Honourable senators, I want to support this bill and urge the government to take a broader view of the benefit derived from tourist traffic in Canada. I know that our tourist accommodation can be criticized, but what stands out most in the mind of every American tourist is the condition of the roads upon which he has to travel. I do not think the provinces themselves have sufficient tax resources to enable them to do a proper job of building highways. A splendid road is being built from southern Manitoba to Winnipeg, but it will terminate in that city; and except for local inhabitants no one will ever see our national park. I did not know there were so many cars and trucks in the world as I saw in Saskatchewan, covered with snow, when I passed through that province last March. These vehicles were tied up during March, and remained there until my honourable friend from Rosetown (Hon. Mr. Aseltine) went home around the first of May and dug them out. Canada should take a greater interest in the condition of her roads. We hear talk about the $280 million that we derive from American tourist traffic. But I do not believe we get it. If we had good roads throughout this country, tourists would be encouraged to take short trips through the Maritime Provinces before returning to the United States, or to come up from the central states into the prairie provinces and British Columbia, and this traffic would mean much to Canada.

Honourable senators, I think this bill is along the right lines, and I heartily support it.

Hon. FELIX P. QUINN: Honourable senators, I offer no objection to this bill. I congratulate the members from Quebec upon being able to secure legislation whereby they receive the sum of $1 million for the improvement of the battlefield at Quebec. I would point out in contrast the treatment meted out to the city of Halifax. Year after year requests have been made to the government for some consideration, such as a money grant, so that the old Citadel Hill could be repaired and improved.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. QUINN: Honourable senators know that the Citadel was built by the Duke of Kent, the father of Queen Victoria, when he was Commander in Chief of the British Forces in North America. It is a beautiful site. Those who are familiar with Halifax know that Fort Edward is an eight-sided structure, situated on the top of a hill in the centre of the city. It is a disgrace to the Dominion Government, which owns it, that the Citadel Hill has fallen into disrepair. If the building and the retaining wall about the moat could be repaired, the place would be a wonderful attraction to tourists. As my honourable friend from Lunenburg (Hon. Mr. Duff) can tell you, there is a beautiful drive around this hill, leading into the old fort.

I might also refer to the old Martello tower in Point Pleasant park at Halifax. Time after time requests have been made to the government to preserve this tower, but it has got into such a bad state by now that I suppose it is beyond repair.

As I said at the outset, honourable senators, I simply wanted to contrast the treatment accorded to the city of Quebec with that meted out to Halifax.

Hon. Mr. ROBERTSON: Honourable senators, whether or not the government has responded to the particular requests mentioned by my honourable friend who shares with me the privilege of representing here the beautiful village of Bedford, in the province of Nova Scotia, I should like to make it clear that contributions, and extensive ones, have been made to national parks in that province. I am not familiar with the national parks in Quebec, but, in order that the house may not receive an erroneous impression, I would point out that large sums have been expended by the federal government on the Cape Breton Highlands park, the Champlain Habitation at Port Royal, and Fort Anne park at Annapolis Royal—three specific instances in

Nova Scotia to which my honourable friend neglected to refer.

An Hon. SENATOR: And Louisbourg.

Hon. Mr. ROBERTSON: Yes, the Fortress of Louisbourg.

The motion was agreed to, and the bill was read the second time.

YUKON BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 341, an Act to amend the Yukon Act.

He said: Honourable senators, in echoing the sentiment expressed by the honourable leader of the opposition (Hon. Mr. Haig) when he referred to the peculiar persuasiveness of those whom I, from time to time ask to explain bills, I may say that I am embarrassed by the wealth of riches available to me in this respect. I now propose to ask the honourable gentleman from Toronto (Hon. Mr. Hayden) to employ his "peculiar persuasiveness" in explaining this bill.

Hon. SALTER A. HAYDEN: Honourable senators, the Committee on Natural Resources has had before it for some time the Yukon Placer Mining and Yukon Quartz Mining bills, but has withheld action on them while awaiting this bill, which contains amendments to the main Act. The amendments in this bill, which ties in with the others, are of a minor character, and are designed to make administration in the Yukon uniform with that in the Northwest Territories.

In 1918 the chief executive officer of the Yukon Territory was designated as the Comptroller, and in him was vested the powers held up to that time by the Commissioner and his deputy, the Administrator, whose positions were abolished. Now it is proposed to re-establish those positions and titles. I was almost going to suggest that the Administrator, being the deputy of the Commissioner, might be described as the Vice-Commissioner, but that might lead to some confusion.

Then there is a provision for increasing the sessional indemnity of each member of the Yukon Council to an amount not exceeding $1,000. The present indemnity is "a sum not to exceed $400." The bill also provides that members may be paid travelling and living expenses while the council is in session.

There is in the Yukon an official known as the Public Administrator, and the Act requires that he be a barrister of at least five years' standing at the bar of any of the provinces. The remuneration attached to the post has made it difficult to obtain an official with this qualification, and the bill provides simply that the person appointed shall be "a barrister or advocate at the bar of any of the provinces".

Another amendment would make holograph wills legal in the Yukon.

The bill would also repeal section 118 of the present Act. That section, when read in conjunction with the Criminal Code, created some confusion as to whether in criminal cases the court of appeal for the Yukon Territory was a provincial court or the Supreme Court of Canada. If section 118 is repealed there will be no doubt that the appeal court in such cases is the Court of Appeal of British Columbia.

Then there is an amendment with respect to the importation of liquor into the Yukon. Heretofore no liquor could be imported into the territory except by permission of the Governor in Council. The principal importer of liquor into the territory is the government, which maintains its own liquor stores; and it is now proposed to substitute the Commissioner for the Governor in Council.

Hon. Mr. HAIG: Why?

Hon. Mr. HAYDEN: For uniformity in practice. I understand that that is the practice in the Northwest Territories.

Hon. Mr. HAIG: I did not know that there was an elected council in the Northwest Territories.

Hon. Mr. HAYDEN: Well, at Yellowknife they have an administrative council.

If second reading is given, I shall move for reference to the Standing Committee on Natural Resources, in order that the bill may be considered there along with the two others that I have mentioned.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 337, an Act to amend the Criminal Code.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON, with leave, next sitting.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ASELTINE moved second readings of the following bills:

Bill O-11, an Act for the relief of Samuel Lankszner.

Bill P-11, an Act for the relief of Audrey Maude Victoria Giles Findlay.

Bill Q-11, an Act for the relief of George Elias Heydenreich.

Bill R-11, an Act for the relief of Guiseppina Cannuli Catalfamo.

Bill S-11, an Act for the relief of Ann Laurie Willett Allan.

Bill T-11, an Act for the relief of Leon Schechter.

Bill U-11, an Act for the relief of Beatrice Evelyn Tutill Bobinsky.

Bill V-11, an Act for the relief of Una Mary Phillips Slavin.

Bill W-11, an Act for the relief of Margaret Laidley Lawrie Burke.

Bill X-11, an Act for the relief of Albert Kenworthy.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: Honourable senators, all these bills represent undefended cases in which the evidence was quite clear. As the session is drawing near a close and it is necessary that the bills reach the other house as soon as possible, with leave of the Senate I would move that they be now read a third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 16, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

WAR VETERANS' ALLOWANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 196, an Act to amend the War Veterans' Allowance Act, 1946.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

DOMINION ELECTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 198, an Act to amend the Dominion Elections Act, 1938.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

VETERANS REHABILITATION BILL

FIRST READING

A message was received from the House of Commons with Bill 200, an Act to amend The Veterans Rehabilitation Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

TARIFF BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 345, an Act to amend the Tariff Board Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

VETERANS INSURANCE BILL

COMMONS AMENDMENTS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill G, an Act to amend the Veterans Insurance Act, and acquainting the Senate that they have passed the said bill with several amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. ROBERTSON: Next sitting.

CUSTOMS TARIFF BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented the report of the Standing Committee on Finance on Bill 333, an Act to amend the Customs Tariff.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 14, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

TREATIES OF PEACE BILL

REPORT OF COMMITTEE

Hon. Mr. LAMBERT presented the report of the Standing Committee on External Relations on Bill 248, an Act to provide for carry-

ing into effect the Treaties of Peace between Canada and Italy, Roumania, Hungary and Finland.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 2, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INSURANCE COMPANIES BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill N-11, an Act to amend the Canadian and British Insurance Companies Act, 1932, and the foreign Insurance Companies Act, 1932.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 14, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

QUEBEC SAVINGS BANKS BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill Y-11, an Act to amend the Quebec Savings Banks Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 15, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE STATISTICS, 1947-48

FINAL REPORT OF COMMITTEE

Hon. W. M. ASELTINE: Honourable senators, you will all be pleased to know that I am about to present the final report of the Standing Committee on Divorce for the 1947-48 session of parliament. It is the committee's three hundred and twelfth report of this session.

During the session 331 petitions for bills of divorce were presented to the Senate and dealt with by the committee as follows:

Petitions heard and recommended	295
Petitions heard and rejected	2
Petitions withdrawn	6
Petitions not ready to proceed at the present session	28
Total	331

Of the petitions recommended during the present session, 79 were by husbands and 216 by wives. All petitioners are domiciled in the province of Quebec.

The committee held 31 meetings. On 28 days the committee functioned in two sections.

In 66 cases the committee recommended that part of the parliamentary fees be remitted.

Assuming that all bills of divorce recommended by the committee and now in various stages before parliament receive Royal Assent, the comparison of dissolutions of marriage granted by parliament in the last ten years is as follows:

1939	50
1940	62
1941	49
1942	73
1943	92
1944	111
1945	179
1946	290
1947	348
1947-48	295

Hon. Mr. DUFF: Shame!

Hon. Mr. ASELTINE: Honourable senators, I should like to add to the information contained in the report. As honourable members know, where a petition for divorce has been filed by an applicant the case cannot be considered by the Committee on Divorce until the parliamentary fee of $210 has been paid. Sometimes, however, when the income is small, as in the case of a waitress in a restaurant, the Senate has been gracious enough to remit a part of the fee. The total fees received this session amounted to $58,100.25, and refunds to an amount of $4,010.14 have been authorized, leaving a net of $54,090.11.

Hon. A. L. BEAUBIEN: Does the applicant or the lawyer get the refund?

Hon. Mr. ASELTINE: It is probably applied to the costs which the applicant has had to pay. In each case the refund was made to the petitioner.

Hon. Mr. HARDY: Does the Committee on Divorce get the $54,000?

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HARDY: Well, I think they should.

Hon. A. L. BEAUBIEN: I should like to ask my friend again if the refund goes to the petitioners or to the lawyers who represent them?

Hon. Mr. HAIG: May I be permitted to answer that question? The refund in each case is made to the petitioner. When that is done, under the tariff, the petitioner's counsel has to cut down his fee.

Hon. A. L. BEAUBIEN: Do you fix the tariff?

Hon. Mr. HAIG: No. The regular tariff in such cases is from $500 to $600; but when a remission is made, the lawyer has cut his fee to about $150.

Hon. Mr. ASELTINE: This session the committee commenced its work much earlier than usual. It started in January, and sat four days a week—Monday, Tuesday, Friday and Saturday—almost continuously up to the present time.

I take this opportunity to thank the various members of the committee for their consistent attendance: at times every member of the committee was present—except the honourable senator from Wellington (Hon. Mr. Howard). I would also take this opportunity to thank the reporting staff, who worked week-ends to help us, and Mr. Hinds and his very capable assistants, who gave us their valuable co-operation. Without this aid we could not have carried on the work.

As this work may again be assigned to the Senate, and the same members may be required to carry it on, I would suggest to the government that we are very badly in need of another lawyer.

Hon. Mr. HAIG: On the committee.

Hon. Mr. ASELTINE: On the committee, yes. Sometimes it is difficult for the senator from Winnipeg (Hon. Mr. Haig), the senator from Westmorland (Hon. Mr. Copp), and myself to be present on the same day. This is essential in order that the work may be divided; otherwise it would not be possible to hear thirteen or fourteen cases in a day. It would be a good thing if the additional lawyer-member of the committee came from Western Canada or from the far East, because honourable senators who reside in Ontario and Quebec frequently desert us over the week-end.

Last year I made quite a comprehensive report, and while I do not intend to report at length this year, I have some information which I think honourable senators will find interesting. I have obtained from the Bureau of Statistics the following table of divorces granted during the last three years:

	1945	1946	1947
Prince Edward Island	2	4	18
Nova Scotia	158	260	207
New Brunswick	171	382	236
Ontario	1,940	2,639	3,252
Manitoba	405	636	665
Saskatchewan	282	505	509
Alberta	575	962	881
British Columbia	1,366	2,005	1,826
Quebec (parliamentary divorces)	177	290	348
Total divorces granted	5,076	7,633	7,942

Hon. Mr. DUPUIS: Has the honourable gentleman the percentages relative to population?

Hon. Mr. ASELTINE: Oh, well, we all know that although the population of Quebec is about one-third the total population of the Dominion the number of divorces in that province is not large: last year it was only 290.

Hon. Mr. DUPUIS: As I am a citizen of this country, I should like to have the picture from Halifax to Vancouver.

Hon. Mr. QUINN: Could the honourable senator state the percentage of divorces to marriages?

Hon. Mr. ASELTINE: No. I did not ask the Bureau of Statistics for that information. Perhaps the Bureau can supply the figures.

There is something else I want to bring to the attention of honourable senators. Last year when the committee presented its report it recommended that parliament should seek a solution of this divorce problem. As far as I know, no recommendation of any kind has been forthcoming, and it looks as though the committee will be obliged to function again next year.

Honourable senators will also remember that on July 9, 1947, it was agreed, upon motion of the honourable senator from Queen's (Hon. Mr. Sinclair):

> That the subject-matter of the final report of the Standing Committee on Divorce be referred to the Parliamentary Counsel of the Senate for consideration and report immediately following the opening of the next session of parliament.

Our Parliamentary Counsel took this matter in hand. After making quite a comprehensive investigation he has produced a four-page report. I believe honourable senators will find it interesting. I do not intend to read it all. Counsel deals first with the recom-

mendation contained in the motion of the honourable senator from Queen's (Hon. Mr. Sinclair); he outlines briefly the law of each province with respect to divorce; and he deals with various suggestions which from time to time have been made to relieve parliament of this work and put it in the hands of the courts. I was interested in the last of these proposals. He states:

> Another proposal which has been urged by some writers is the establishment of a new divorce court for the Dominion having exclusive jurisdiction in matters of marriage and divorce.

That is an idea which honourable senators might consider between now and the next session of parliament. Quite properly, counsel makes no recommendation, for the matter is one for parliament itself to determine.

Hon. Mr. MORAUD: Does the honourable senator propose to include the report in *Hansard,* so that we may read it?

Hon. Mr. ASELTINE: The honourable senator from La Salle suggests that the report be printed in *Hansard.* I am willing that that be done, if honourable senators concur.

Some Hon. SENATORS: Agreed.

(*See appendix at end of today's report.*)

Hon. Mr. ASELTINE: This is my fifteenth session on the committee: I have been thinking about this problem for a long time, and I have a suggestion to make that may meet with the approval of this house. I would propose that the committee should not be called upon to hear divorce evidence, but that another lawyer be attached to the office of Parliamentary Counsel, and that he be authorized to hear these cases. This officer, who would function as a judge, would report to the committee, and dissatisfied petitioners would have the right of appeal to the Divorce Committee, in the same way that a plaintiff in the provincial courts has a right of appeal to a superior court. The Divorce Committee would then decide the appeal and report to the Senate, and if the report was favourable to the applicant, and was adopted by the house, a bill would be introduced.

Hon. Mr. MORAUD: What about the evidence?

Hon. Mr. ASELTINE: The evidence would be printed, just as it is now.

Hon. Mr. MORAUD: The evidence would be taken before a lawyer?

Hon. Mr. ASELTINE: Yes.

Hon. Mr. LEGER: Would the committee hear the evidence *de nova*?

Hon. Mr. ASELTINE: The committee would function as a court of appeal.

Hon. Mr. HARDY: Has the Senate power to appoint such an officer? I seriously doubt if it could delegate its powers to anybody other than the Divorce Committee.

Hon. Mr. ASELTINE: That is the question. I am just offering this suggestion for what it is worth. I have talked to several lawyers in the Senate who do not think it would work. I have also talked to my honourable friend from Brockville (Hon. Mr. Hardy), and I think he is of the same opinion.

Hon. Mr. HARDY: If it were possible to have such an officer, I think it would be a good thing.

Hon. Mr. ASELTINE: If this suggestion could be worked out it would relieve members of the Divorce Committee of the disagreeable duty of spending hours in hearing evidence.

Honourable senators, in conclusion I should like to thank all the members of the Senate for their kind co-operation in dealing with the reports of the Divorce Committee and in putting these bills through parliament.

Hon. WISHART McL. ROBERTSON: Honourable senators, I am not in a position to offer comment on the merits or the feasibility of the suggestions made by the honourable the Chairman of the Committee on Divorce. I do think, however, that any recommendations made by him should receive most careful consideration.

In my official capacity as government leader in this house it is my duty from time to time to nominate chairmen and members of various committees. I should therefore like to express my deep appreciation—and that, I am sure, of honourable members of this house—of the splendid and self-sacrificing service rendered by the honourable Chairman of the Divorce Committee and his associates in carrying out their trying duties.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: These divorce cases are set down in advance and have to be dealt with. It can be seen, therefore, that the Divorce Committee has to meet a demanding schedule. That its members have been willing to give so much of their time, ability and energy, is deserving of the commendation of all.

While I do not wish to differentiate between the members of the committee, I think this house owes a word of gratitude to the honourable leader of the opposition (Hon. Mr. Haig).

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBERTSON: In addition to looking after the responsibilities which are his as leader of the opposition, he has given much of his time and energy to assisting his colleague and deskmate, the honourable senator from Rosetown (Hon. Mr. Aseltine). At the commencement of each session I am almost terrified that those who for so many years have given of their untiring efforts will call on me and say, "We have done as much as we should be asked to do on this committee, and somebody else has got to take over the load". Frankly, I do not know what I would do in such circumstances.

It appears likely that the Senate will be charged with the responsibility of hearing divorce cases next session, and I would urge that the suggestions made by the honourable chairman of the committee be given serious consideration by every legal member of this house. In conclusion, I again wish to express to the chairman and members of his committee my deepest appreciation of their devotion to duty.

Hon. L. M. GOUIN: Honourable senators, although in principle I am opposed to divorce, I recognize quite willingly the many years of devotion to duty of the honourable leader of the opposition and other senators who have served on our divorce committees. The general opinion expressed in the province of Quebec has been in favour of retaining the present method of divorce.

Hon. Mr. ASELTINE: That is the trouble; they are too well satisfied.

Hon. Mr. GOUIN: I feel it my duty to state this quite seriously because in the Jesuit's magazine *Relations,* for instance, Father deLery has written that in his opinion the present system employed in Quebec divorce cases is superior to what might be described as the judicial procedure. I do not intend to enter into any argument concerning this controversial matter; but when a theologian who is absolutely opposed to divorce makes such a statement, I think it is a high compliment to the system now in effect.

Generally speaking, in Quebec there has always been opposition to a judicial procedure, because in that province we do not recognize divorce as a right. Parliament, by reason of being in a sense all-powerful, can, if it deems fit, grant relief in special cases through the medium of a private bill; but to set up a code of procedure for Quebec would be to establish what we call a legal right. I believe a full study of the present situation would be welcomed. I think we all admit that there are social conditions which are exceedingly serious and that all Christian citizens—we all do our best to be good Canadians and good Christians—are of opinion that this serious problem deserves just as careful research as, for instance, the dread disease of cancer. It is only at the end of the session of parliament, when it is too late to do anything, that this problem is mentioned, and I for one would be exceedingly glad if, during the course of the next session, we were to have an opportunity to give more than passing attention to this matter.

Hon. J. J. DUFFUS: Honourable senators, in presenting his report, the Chairman of the Divorce Committee (Hon. Mr. Aseltine) pointed out that the parliamentary fees are remitted to some people, and he specifically used the phrase, "such as waitresses". I think it would be well to have that stricken from the report.

Hon. JOHN T. HAIG: Honourable senators, I wish first to congratulate the chairman of the Committee on Divorce. Also I should like to say that during my eleven years on the committee my associations with its members have never been more pleasant than during this session. I cannot recall a single case in which there was any violent difference of opinion among us. We had our differences, of course, but we discussed them and arrived at agreement. I served as chairman of the subcommittee twenty-eight days, always with two and sometimes with three other members, and I take this opportunity of thanking them for the way in which they co-operated.

I also desire to thank the leader of the government (Hon. Mr. Robertson) for his co-operation. The committee sat frequently on Friday, Saturday and Monday, and once in a while the leader would notify me of his intention to suggest that the Senate sit on Monday evening, in order to have at least a quorum of members present for a committee other than the Divorce Committee on Tuesday morning. When I pointed out to him that the Divorce Committee was meeting on Tuesday, he usually decided that the other committee could wait until the next day.

Frankly, honourable senators, I think more of our colleagues from Ontario and Quebec should be members of this committee. Of course, my remarks do not apply to anyone who has religious scruples against divorce. The committee should include especially some of our Ontario members who belong to the legal profession. I do not say that a lawyer is a better judge of evidence than a layman is, but a lawyer is familiar with legal procedure and knows what evidence is admissible. Personally, I would rather have laymen than lawyers with me on the subcommittee, because the laymen act as a jury. For instance, the

other day at the end of one case I turned to the gentleman on my right and asked, "What do you think about the evidence?" He summed it up briefly, and said he did not think it was sufficient to warrant a divorce. I then asked the same question of the gentleman on my left, and he made a similar reply. So we did not recommend a divorce in that case. The same thing occurred in another case: it was the subcommittee that rejected the two applications. For jury purposes laymen are as good as or even better than lawyers, because the lay mind does not get tangled up with legal problems; but the chairmen of the committee and the subcommittee should be lawyers.

There are various duties attaching to my position here, and some of my colleagues on this side of the house strongly criticize me for putting in so much time on the Divorce Committee. But, really, when you have worked on that committee for a while and seen what heart-burnings are revealed there, you realize how important the work is and what a tremendous problem we are faced with. I am unable to suggest how to solve the problem, though I believe it is largely caused by conditions in the home. If, instead of simply denouncing divorce, ministers of all denominations were to study its cause and try to devise some remedies, the number of cases might decline.

My honourable friend from Peterborough West (Hon. Mr. Duffus) criticized the reference to waitresses. The chairman simply mentioned them as being among the low-income group for whom, in many cases, we have recommended a remission of part of the parliamentary fees. And I would point out to my honourable friend from Provencher (Hon. Mr. Beaubien) that when there is a remission of fees to a petitioner the lawyer's tariff of charges is reduced.

Hon. A. L. BEAUBIEN: In proportion to the reduction in the petitioner's fees?

Hon. Mr. HAIG: Yes.

Hon. Mr. SINCLAIR: The cases of many of the poorer applicants were sponsored by welfare associations.

Hon. Mr. ASELTINE: And some by the Red Cross.

Hon. Mr. HAIG: Yes, different organizations brought them forward. I suggested that a few of our legal members from Ontario should be on the committee. I should also like to see several Quebec lawyers included. Why should they not stay here from Friday to Monday and make it a little easier for the rest of us?

It seems to me that any senator who served on the Divorce Committee on Fridays, Saturdays and Mondays, when the Senate itself was not sitting, should not be penalized if by chance he has been absent from Senate sittings a day or two more than the fifteen allowed to him.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I myself am not affected, for so far this session I have lost only one day —though perhaps I may lose another tomorrow. My honourable friend from Rosetown (Hon. Mr. Aseltine) has presided over the Divorce Committee thirty-one days when the Senate itself was not sitting, yet because the number of sitting days that he missed was two or three in excess of fifteen he will not get his full indemnity. I think that next session we should consider amending our rules so as to allow a few extra days' absence to members who have served faithfully on the Divorce Committee.

Some Hon. SENATORS: Hear, hear.

Hon. R. B. HORNER: Honourable senators, I believe there would be fewer divorces in Canada if we followed the example of some of the older countries where the marriage match is made by the parents of the young couple. If we could get that idea accepted here we would do something really worthwhile. Everybody seems to think that the man should propose to the woman, but it appears that our men have fallen down on the job.

Hon. Mr. MARCOTTE: Honourable senators, I do not think any harm would be done if the discussion of this report were delayed for two or three days, so that we may have a chance to see the opinion of Parliamentary Counsel, as placed on the record.

Hon. Mr. SINCLAIR: That is not part of the committee's report.

Hon. Mr. ASELTINE: No, it is not; I simply put it in during my remarks. However, I have no objection to the request of my honourable friend from Ponteix (Hon. Mr. Marcotte).

Hon. Mr. MARCOTTE moved the adjournment of the debate.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE presented the following bills.

Bill A-12, an Act for the relief of Esther Leibof Kaufman.

Bill B-12, an Act for the relief of Harold Clarence Simkin.

Bill C-12, an Act for the relief of Winnifred Emily Ford Salmon.

Bill D-12, an Act for the relief of Arthur Herbert John Louth.

Bill E-12, an Act for the relief of Frank Potts.

Bill F-12, an Act for the relief of Kenneth Wright Williamson.

Bill G-12, an Act for the relief of Ida Goldman Adelstein.

Bill H-12, an Act for the relief of George Cohen.

Bill I-12, an Act for the relief of Katharine Lillian Cornish Mullin.

Bill J-12, an Act for the relief of Orville Lester Bennett.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: Honourable senators, when shall these bills be read the second time?

Hon. Mr. ASELTINE: I move second reading now.

The motion was agreed to, and the bills were read the second time.

NATIONAL BATTLEFIELDS (QUEBEC) BILL

THIRD READING

Hon. Mr. ROBERTSON moved third reading of Bill 339, an Act to amend an Act respecting the National Battlefields at Quebec.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 228, an Act to amend the Excise Act, 1934.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA SHIPPING BILL

COMMONS AMENDMENTS CONSIDERED IN COMMITTEE

On the Order:

Resuming the adjourned debate on the motion for concurrence in the report of the Standing Committee on Transport and Communications to whom was referred the amendments made by the House of Commons to Bill E-5, intituled: "An Act to amend the Canada Shipping Act, 1934."

Hon. J. J. KINLEY: Honourable senators, I move:

That the said report be not concurred in, but that the amendments made by the House of Commons to the bill be referred to a Committee of the Whole forthwith for further consideration.

The motion was agreed to, and the Senate went into committee.

Hon. Mr. Sinclair in the Chair.

On House of Commons Amendment No. 1 (page 3, line 7):—

Hon. Mr. KINLEY: Honourable senators, I now desire to move:

That the said amendment be not concurred in but that it be amended by striking out the words "solely employed in fishing not exceeding one hundred and fifty tons," and substituting therefor the words "principally employed in fishing not exceeding two hundred tons".

Hon. Mr. HAYDEN: Are we now considering the definition of a sailing ship?

Hon. Mr. KINLEY: Yes. Insufficient reason has been advanced for changing the original provision. The amendment made by the House of Commons seeks to limit the definition of a sailing ship. Such a limitation would be a hindrance to the traffic of small vessels in minor and coastal waters.

This bill is unique. It was introduced in the Senate, and in its passage through this house section 89 was agreed to. This defined a sailing ship as a vessel propelled by sail only. Any reference to vessels with auxiliary power was deleted from the Act. The bill went to the House of Commons, where the original definition was partially restored by the following amendment:

"Sailing ship", except for the purposes of the Load Lines Rules, means a ship propelled wholly by sails, and a ship solely employed in fishing not exceeding one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and that, in addition, is fitted with mechanical means of propulsion other than a steam engine.

On the Atlantic coast, and I believe on the Pacific coast as well, vessels employed in fishing are also used to convey produce to market and to carry other traffic along the coast. It was felt that the omission of auxiliary vessels from the definition of a sailing ship was too drastic.

The amendment by the House of Commons to Section 89 uses these words:

. . . a ship solely employed in fishing not exceeding one hundred and fifty tons.

The amendment now proposed reads:

. . . principally employed in fishing not exceeding two hundred tons.

The effect of this amendment is to exempt such vessels from the provision requiring certificated officers, and that is the purpose of it.

Honourable senators will note that international agreements with respect to shipping mention two hundred tons. Fishing vessels from the county that I represent have steadily become larger; some of them are more than a hundred and fifty tons. Under the original Act a vessel used solely in fishing was exempt from the provisions concerning masters and mates. An amendment passed in 1936 exempted vessels up to one hundred and fifty tons and principally employed in fishing.

I have discussed this matter with several members in the other place, some of whom came to me and told me that the provision as it stands would create real hardship. I have also conferred with the law officers of the department and others. There is general agreement that my amendment is a good one and that if it goes to the other place it will be supported there. It affects a great number of people. The last report of the Department of Fisheries contains the following figures:

	Boats	Larger Vessels
Nova Scotia	4,474	584
New Brunswick	900	196
Prince Edward Island	873	2
Quebec	2,816	174

These figures, which relate to the Atlantic coast alone, show that great numbers of people are engaged in this business. They live with their families on the coast, and have the experience of a lifetime behind them, though they have not the academic training or the education necessary to pass examinations for masters and mates. Their record is a splendid one. There have been no disasters affecting any number of people, and the feeling among our fishermen and the people along the shore is that the imposition of a fee for the purpose of getting certificates to run these little boats is an undue interference, that it is not justified, and that they should be free to carry on their fishing and to combine with it a little coasting business along the shore of the Alantic. The same considerations apply to the Pacific coast.

For these reasons I submit this amendment to the house for consideration. As I have said, I do not know how honourable senators feel about it, but a number of them have expressed themselves as being sympathetic towards it. Whatever we do, I feel that our people down along the coast should know that we who represent them here are looking after their interests and are doing the best we can to prevent them from being unduly harassed by legislation and regulations.

Hon. Mr. ROBERTSON: The honourable senator who has just spoken did me the honour of referring to me the text of his amendment, and I have had an opportunity of considering it. For many years I have been aware of the honourable senator's keen interest in a business which is so important to his constituents, and I am pre-disposed towards any suggestion that he may make in their interest. However, in view of the position I hold, I have thought it expedient to discuss his proposal with the Department of Fisheries, and if the Senate approves of it, I shall be happy to concur.

The proposed amendment was agreed to, and House of Commons amendment No. 1, as amended was agreed to.

House of Commons amendments Nos. 2 and 3 were agreed to.

The House of Commons amendments, as amended, were reported.

NORTHWEST TERRITORIES POWER COMMISSION BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 340, an Act respecting the supplying of Electrical Power in the Northwest Territories.

He said: Honourable senators, I have asked the honourable senator from Medicine Hat (Hon. Mr. Gershaw) to explain this bill.

Hon. F. W. GERSHAW: Honourable senators, in that vast area known as the Northwest Territories, very promising mineral deposits have been discovered, and many claims have been staked. Around Yellowknife, a town of 3,000 people about 700 miles north of Edmonton, ten or eleven mines have gone far beyond the development stage: underground work is being carried on, and the mines are in production. The Con mine, operated by Consolidated Smelters, is milling 270 tons of ore a day, and will increase its output. The Negus mine is milling 60 tons, and will increase its capacity. In August the Giant Yellowknife Mine, with a capacity of 500 tons a day, will be officially opened. Six or seven additional mines will also be in production within the next year or two. Gold is the chief mineral to be found, and there is what is called sixty-two dollar ore, which means that 1·85 ounces of gold can be extracted from each ton that is milled.

One of the great needs of a mine in all stages of operation is electrical power. Power can be developed from gas, fuel oil, coal or waterfalls. There are no gas or coal deposits in the

vicinity. To get oil from the Norman Wells, barges would have to go upstream 200 miles, and as oil is a heavy commodity the cost would be too great. Engineers all agree, therefore, that hydro-electric power is the solution to the problem.

In 1946 the Dominion Government voted money to establish the Snare River Storage and Power Company plant, which is approximately ninety-four miles from the town of Yellowknife. It will commence operations this fall and will supply power to the town of Yellowknife and to neighbouring mines. Its initial capacity will be approximately 8,000 horsepower, and 4,000 horsepower have already been contracted for. All the structures are to be built on a self-sustaining and self-liquidating basis. By charging 1·73 cents per kilowatt hour, the Snare River plant will be self-liquidating even when selling 4,000 horsepower. It is estimated that the cost, if the plant were to be operated with fuel oil, would be about 5 cents per kilowatt hour. The Con mine produces about 4,000 horsepower.

It is expected that the costs which are being advanced by the Dominion Government will all be regained. It is estimated that the amount of ore available at the Snare River is sufficient to last for fifteen years. The costs, including maintenance, transmission lines, salaries, travelling expenses, and contingency reserve, will be estimated and amortized on a fifteen-year basis, so that the rates charged will cover the entire costs during that time. The rates will be reviewed frequently, and as more power is used the costs will be reduced. This policy will be followed in any new plant that may be established.

Honourable senators, this bill is simply to set up a Northwest Territories Power Commission to administer the Snare River project and to develop and operate other plants that may be established as the need arises. Power can be economically transmitted for a distance of approximately 100 miles, and it is hoped that smaller mining companies, which may not wish to finance a power plant, will be encouraged to develop when they know that power can be purchased from the large plants at a relatively cheap rate.

The commission will consist of a chairman—now a member of the department—and two other commissioners to be appointed by the Governor in Council. The commissioners and the permanent employees will come under the Civil Service Superannuation scheme. All the other employees will come under the Workmen's Compensation and Unemployment Insurance schemes, and will receive medical, hospital and first-aid services. The commission will be the agent of His Majesty, and as such will be able to enter into contracts and to acquire and hold property. The commission can sue and be sued without a fiat being obtained from the government. The minister very definitely stated that that was his intention.

The work of the commission will be to manage the Snare River plant and to survey and investigate the possibility of establishing new power plants. The commission may not undertake or enter into a contract involving a total estimated expenditure of more than $50,000 without first securing the approval of the Governor in Council. The commission, under the Expropriation Act, can expropriate territories required for their particular work. Anyone with a claim against the commission can have his case heard by the Exchequer Court of Canada.

The commission will sell the power in blocks to mining companies and to consumers. A little less than 4½ million has already been spent on the Snare River plant. This is to be charged against the commission, which will have to arrange the amortization of that amount.

The Yellowknife territory, being close to the land of the midnight sun, has from twenty to twenty-two hours of daylight during part of the year. As it sometimes may be necessary to carry out work in that particular period, and before parliament can vote moneys, provision is made to enable the Minister of Finance to advance from the Consolidated Revenue Fund certain sums of money, not exceeding $1,000,000, during that particular season. At the end of each year the commission must prepare a financial statement showing the moneys expended and have it placed before parliament during the first fifteen days of the next session of parliament.

Honourable senators, the purpose of establishing this commission is to further develop our resources without cost to the taxpayers. I hope the Senate will approve of the bill and give it second reading.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read a third time?

Hon. Mr. ROBERTSON: Honourable senators, whether this bill should be referred to committee or not—

Hon. Mr. HAIG: Give it third reading now.

Hon. Mr. LEGER: Honourable senators, I should like to know how many commissioners

will be appointed under this bill. Subsection (2) of section 3 reads as follows:

The commission shall consist of one member to be appointed by the Governor in Council to be chairman, and not more than two additional members to be appointed by the Governor in Council.

I interpret the last part of that subsection as purely permissive. The Governor in Council may or may not appoint the two additional members. My view is strengthened by subsection (7) of the same section, which refers to the quorum. It says:

Where the membership consists of two or three members, two members constitute a quorum.

It appears that the commission may consist of one member only, though as many as three members may be appointed; and when there are two or three members, two will constitute a quorum. I do not know that the point is important, but in my opinion it would have been better to state precisely how many commissioners are to be appointed.

Hon. Mr. GERSHAW: Honourable senators, I have been informed that it is the intention to appoint a chairman first and, a little later, two more members.

Hon. Mr. ROBERTSON: Departmental officials who are familiar with this matter will be present at the meeting of the Natural Resources Committee tomorrow morning. My honourable friend can probably get an answer to his question then.

Hon. Mr. LEGER: I am not asking that third reading be delayed.

Hon. Mr. HAIG: As my honourable friend from L'Acadie has said, the point he raises is not an important one. I should like to see the bill passed as soon as possible, because the mines in the territories are badly in need of electrical power.

Hon. Mr. LEGER: I have no objection to third reading now.

Hon. Mr. ROBERTSON: Then I will move that the bill be read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 337, an Act to amend the Criminal Code.

He said: Honourable senators, I have asked the honourable gentleman from Toronto to explain this bill.

Hon. SALTER A. HAYDEN: Honourable senators, this bill contains forty-five sections, but the object of most of them is to make clerical corrections or to improve some of the procedure under the Criminal Code. Seven or eight sections, however, are important, in that they create new offences or deal with matters that have provoked much public interest. I shall refer to these sections briefly, though not in the order of their appearance in the bill.

First I call attention to section 39, which amends section 888 of the Code. Under section 888 a court in one province cannot try a person for any offence committed entirely in another province; but there is a proviso:

that every proprietor, publisher, editor or other person charged with the publication in a newspaper of any defamatory libel, shall be dealt with, indicted, tried and punished in the province in which he resides, or in which such newspaper is printed.

The bill broadens the proviso to include the charge of "conspiracy to publish in a newspaper any defamatory libel". This amendment is proposed because of a recent case in which some persons in Ontario, charged with conspiracy to publish a defamatory libel reflecting upon certain public officials in Alberta, were compelled to appear for trial in the latter province.

Another amendment creates a new offence in the field of murder and manslaughter. It is defined as "infanticide". This offence has been covered by the English criminal law for many years. The amendment has been recommended by the authorities in Canada because it has been found almost impossible to secure a conviction against a woman charged with the murder of her newly-born child. No matter how clear the evidence of guilt may be, the jury seem to feel that it would be unfair to bring in a verdict implying that the woman was wholly responsible for the crime, and usually the trial is ended by the court's decision to accept a plea of guilty of concealment of birth and to sentence the accused to a short term of imprisonment.

The proposed maximum punishment for a person found guilty of infanticide is three years. On reading the proposed new subsection (2) of section 262 of the Code it will be seen that the amendment does not interfere with section 19 of the Code, which says that a person shall not be convicted of an offence by reason of something that he did or omitted to do when suffering from a disease of the mind. The proposed new subsection (2) reads:

A woman who by wilful act or omission causes the death of her newly-born child shall be deemed not to have committed murder or manslaughter if at the time of the act or omission

she had not fully recovered from the effect of giving birth to such child and by reason thereof the balance of her mind was then disturbed, but shall be deemed to have committed an indictable offence, namely, infanticide.

Hon. Mr. LEGER: Am I right in thinking that, regardless of her state of mind, the woman would be charged with infanticide?

Hon. Mr. HAYDEN: If the Crown is convinced that at the time of the act she had not fully recovered from the effect of giving birth to the child, and that the balance of her mind was then disturbed, she would be charged with committing infanticide.

Hon. Mr. LEGER: And the subsection which you read would not be a defence?

Hon. Mr. HAYDEN: If she was charged with murder it would be a perfectly good defence to plead facts to support a charge of infanticide. What I am pointing out, however, is that this new subsection does not interfere with section 19 of the Code, which makes disease of the mind a general defence. Perhaps I had better read section 19:

No person shall be convicted of an offence by reason of an act done or omitted by him when labouring under natural imbecility, or disease of the mind, to such an extent as to render him incapable of appreciating the nature and quality of the act or omission, and of knowing that such an act or omission was wrong.

Proof that the accused person came within that section would be a complete defence.

Hon. Mr. LEGER: But not a defence to a charge under section 268?

Hon. Mr. HAYDEN: Section 268 of the Code establishes an offence even though the balance of her mind was disturbed, but it would not apply if her mind was so deranged that she had no appreciation of what she was doing. I am now pointing out that should this bill become law there will then be the offences of murder, manslaughter and infanticide. Under this bill a woman charged with murder in the death of her newly-born child may establish in her defence such facts as prove the elements of the crime of infanticide, and it is for the jury to find whether she is guilty of that crime. In other words, the defence under section 19 of the Criminal Code would be open to her, and it could be argued on her behalf that she was so completely deranged that she was not aware of the nature or quality of the act and did not know that what she was doing was an offence.

Hon. Mr. HUGESSEN: But if she were charged with infanticide, where would the burden of proof lie to show that her condition would come within the definition contained in this particular section of the bill?

Hon. Mr. HAYDEN: If the Crown charged her with the offence of infanticide, it would have to prove the facts. An accused person would either have to admit the facts as charged or establish that her derangement of mind was so complete as to constitute a defence under section 19 of the Code.

The type of offences created by sections 12, 13 and 14 of the bill may be described as fraudulent manipulation of transactions on the stock exchange and transactions designed to create in the public mind a false appreciation of value. These amendments were requested by the Attorney-General of Ontario, and flow from experience gained in the investigation of stock cases under the Securities Act of that province.

Section 12 of the bill amends section 414 of the Criminal Code. It has to do with the issuing of a false prospectus, statement or account with intent to induce people to invest. In a recent prosecution for an offence under this section the defence established that the accused had not written a false prospectus, statement or account. On that defence the charge was dismissed. The amendment proposes that section 414 of the Code be amended by inserting after the words "prospectus, statement or account" the words "whether written or oral". Frankly, I should have thought those words would be implied by the section; but since a trial judge has decided that a prospectus, statement or account has to be in writing, the department wishes to make it quite clear that what is complained of may be written or oral. I do not know that the amendment cures the defect, but my function at this time is merely to explain the bill.

Hon. Mr. HUGESSEN: Oral prospectus would seem to be a contradiction of terms.

Hon. Mr. HAYDEN: That is the point I had in mind.

Section 13 of the bill deals with the well-known section 444 of the Criminal Code, which has to do with conspiracy to defraud. The amendment removes the conspiracy provision in section 444 and makes it dependent entirely upon section 573, which has to do with conspiring to commit an indictable offence. Section 444 has been repealed, and a new section is substituted which creates the offence of defrauding the public. It is now a substantive offence rather than an offence of conspiracy, and the penalty has been reduced from imprisonment for seven years to imprisonment for five years. The new section 444 reads:

Every one is guilty of an indictable offence and liable to five years' imprisonment who, by

deceit or falsehood or other fraudulent means, defrauds the public or any person, ascertained or unascertained, or affects the public market price of stocks, shares, merchandise, or anything else publicly sold, whether such deceit or falsehood or other fraudulent means would or would not amount to a false pretence as hereinbefore defined.

Section 14 of the bill provides a new section 444A, and creates the offence of fraudulent manipulations on the stock exchange. This new section is intended to deal with what is known as "wash" sales. That is the placing of an order for the purchase of, say, 10,000 shares of a certain stock, and at the same time placing an order to sell the same number of shares of the same stock at the purchase price, the purpose being to create an artificial activity in the trading of those shares in the market in order to induce the public to invest in them. Heretofore the authorities have taken the position that there was no offence under the criminal law with which a person so manipulating the market could be charged.

Again I say that it is not part of my function to say whether the amendment corrects the problem. The Department of Justice has seen fit to accept the recommendation of the Attorney-General for Ontario and has included in the bill this new section 444A, which reads:

> Every one is guilty of an indictable offence and liable to five years' imprisonment who, through the facility of any stock exchange or curb market, or other market, with the intent of creating a false or misleading appearance of active public trading in any security, or with the intent of creating a false or misleading appearance with respect to the market price of any security:
>
> (a) effects any transaction in such security which involves no change in the beneficial ownership thereof; or
>
> (b) enters an order for the purchase of such security with the knowledge that an order of substantially the same size at substantially the same time and at substantially the same price for the sale of any such security has been or will be entered by or for the same or different persons;
>
> (c) enters an order for the sale of any such security with the knowledge that an order of substantially the same size at substantially the same time and at substantially the same price for the purchase of any such security has been or will be entered by or for the same or different persons.

This section of the bill is an attempt to control the desire for quick profits and to prevent the deception that may occur on the stock exchange when someone chooses to stimulate the market by false transactions for the purpose of creating public interest in a certain security. Whether this will prove a complete remedy I do not know. It is definite and detailed, and it is framed with the intention of providing further safeguards for the public.

The next item of importance is an amendment of sections 364 and 365, having to do with theft from the mails. The present penalty is three years in jail. The experience of the Department of Justice in this regard has been very unsatisfactory. Judges and magistrates have taken many and absolutely diverse views as to the appropriate punishment for theft from the mails. Sentences as low as a few hours, days or weeks have been imposed. If we are to maintain the almost sacrosanct character of His Majesty's mail and guarantee the integrity of employees in handling and delivering it, a proper respect must be created, if in no other way, by the deterrent of a substantial term of imprisonment. The amendment provides, in case of conviction, for a minimum sentence of one year.

Section 5 deals with neglect by a man to supply necessaries to his wife or any child of his under sixteen years of age. The amendment is necessary because, under section 242 of the Code, a man who deserted his wife but provided for her maintenance for the first month had complied with the provisions of the Code, and if thereafter he refused and neglected to maintain her the Crown could not prove the commission of an offence. The wording of the relevant paragraph has now been changed to make the elements of the offence desertion and failure to provide necessaries for any month. Whether this omission is with lawful excuse becomes a matter of defence when the Crown has proved the elements necessary so far as its case is concerned.

Another rather important section to which I should refer deals with sexual offences, the frequency of which has created considerable alarm among the public in general and parents in particular. In some cases no permanent injury has resulted, but in many others death has ensued. A number of new provisions have been included. By virtue of section 44 of the bill a new section of the Code is created. This deals with types of crime which I have called sexual offences, and which are covered by several sections of the Code. The nature of the amendment is such that if a person is convicted of an offence under the sections relating to rape, attempted rape or carnal knowledge, the trial judge may hear evidence to show whether the person so convicted is a criminal sexual psychopath. Such evidence shall be given by two psychiatrists, one of whom shall be nominated by the Minister of Justice. Notice of intention to adduce such evidence will be given to the person charged so that, if he sees fit, he can adduce evidence on his own behalf. If after hearing the evidence the judge concludes that the person convicted of this sexual offence is a criminal sexual psychopath,

he must impose a term of imprisonment in a penitentiary of not less than two years and for an indeterminate period afterwards.

The idea of the indeterminate sentence is that the convict shall have curative or reformative treatment before his is released. The principle involved is whether the interest and welfare of society as a whole shall be the primary concern, rather than the liberty of one who has offended in this regard against society and is a menace to society. The department has adopted this course while recognizing that it is to some extent experimental. Similar legislation has been adopted by eight states of the United States, the principle being that the welfare of society requires persons of this type to be kept under restraint until such time as it can be determined whether reformative or curative processes have been effective. If they are then deemed to have failed, the offender will be detained indefinitely. It will be recalled that several years ago habitual criminals were made subject to indeterminate sentence. This principle is applied in section 44. But at least once in every three years during which a person is in custody for an indeterminate period, the Minister of Justice must review the case and determine whether the reformative treatment has bettered the convict's condition to the extent that he may safely be released. If he decides that immediate release is inopportune, the convict is subject to treatment for a further period.

All the amendments proposed under this bill will come into force in November of this year, except those under section 36. This section deals with part XVI, summary trial of certain indictable offences, and will be effective only as of October, 1949. Part XVI of the Code has been completely repealed and rewritten, and the sections under the new numbers bear no relation to the sections under part XVI of the present Code. Since a redescription of magistrates and their functions and duties is involved, it was thought that some time should elapse in order that Attorneys General of the various provinces may reorganize magisterial staffs and, perhaps, raise the standards for appointment if they deem it desirable in the interests of administration.

Part XVII is also repealed. I believe there is only one reported case dealing with the trial of juveniles for indictable offences, the reason being that these cases are being dealt with under the Juvenile Delinquents Act.

By section 40 provision is made to enable a trial to continue even though a juror becomes ill. What brought this matter to a head was the recent Boyer trial in Montreal. After it had proceeded for eleven days a juror became so ill that he could not take his place on the jury. The trial being abortive, it was necessary for the judge to discontinue the hearing and dismiss the jury, and start all over again.

It is provided by the next section that if a member of the jury becomes ill, the trial, with the consent of counsel on behalf of both the Crown and the accused, shall proceed with the remaining jurors, subject only to the proviso that in provinces where a jury consists of twelve persons the trial cannot proceed with less than ten, and in Alberta, where six men constitute a jury, it cannot proceed with less than five.

Honourable senators will recall the situation that arose recently in connection with the Dick case in Hamilton. There was an acquittal by the Court of Appeal, and the Crown sought to go to the Supreme Court of Canada. It was unable to do so, however, because the law provided that one could only go to the Supreme Court when one could show that there was a conflict in legal decisions. The proposed amendment provides that on a question of law in a criminal matter, with leave of a judge of the Supreme Court of Canada, a person may go to that court from a court of appeal.

The only other amendment that I regard as important is contained in section 15, which amends section 501—particularly paragraph (b) —of the Criminal Code. This paragraph refers to the offence of intimidation. The introductory portion of section 501 of the Code, as it now stands, reads as follows:

> Every one is guilty of an offence . . . who, wrongfully and without lawful authority, with a view to compel any other person to abstain from doing anything which he has a lawful right to do, or to do anything from which he has a lawful right to abstain,
>
> (b) intimidates such other person, or his wife or children, by threats . . .

Paragraph (b), as amended, makes it an offence to either threaten or attempt to intimidate. This amendment also extends the range of the family from wife or children, to take in the wife, child, parent, or other relation. Frankly, in my opinion, the term "other relation" is vague and indefinite, and I cannot say just what it embraces. I do not know whether it includes nephews, nieces and cousins or not, but it certainly includes grandparents. I think the amendment was conceived with the best of intentions because, by specific reference, it covers any attempt to intimidate by threat relatives who may be outside of Canada. There has been some experience of that sort of thing, and it was felt that the addition of this provision in the Code would be of some value. Should this amendment be approved, it will be an offence to threaten that misfortune will be visited upon someone's

relations in some other country should the person threatened not follow a certain course of action here in Canada.

The other amendments in the bill deal with particular situations, some being the result of omissions. For instance, as the section in the Code now stands, there is a great deal of procedure in connection with the securing of bail after committal for trial. At present a man has to surrender himself and be taken into custody, and then he must appear before a judge and be arraigned before the application for bail is made. The addition of the words "or magistrate" simply means that the committing magistrate may admit a person to bail. This is a simplification of procedure, and does not involve any substantial change in the law. There are other amendments of a similar character, but I have not referred to them specifically as I anticipate that the bill will be referred to an appropriate committee of the Senate.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. HAYDEN: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TRANSPORT BOARD (CHIEF COMMISSIONER) BILL

FIRST READING

A message was received from the House of Commons with Bill 347, an Act to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

The bill was read the first time.

The Hon. the SPEAKER: When shall this bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

To the Honourable
The Speaker of the Senate:

Sir:—

On July 9, 1947, the Senate passed the following resolution:—

"That the subject matter of the final report of the Standing Committee on Divorce be referred to the Parliamentary Counsel of the Senate for consideration and report immediately following the opening of the next session of parliament."

The subject matter of the report of the committee which the undersigned was directed to consider is contained in the last paragraph of the committee's report and reads as follows:—

"In view of the fact that the number of applications for divorce has been increasing by leaps and bounds, this year reached an all-time high, and may continue to increase, your committee recommends that parliament should immediately seek a solution of the problem of dealing with divorce in the province of Quebec by other than parliamentary action."

The undersigned has considered various proposals made from time to time in the Senate and elsewhere for dealing with the subject matter of divorce in the province of Quebec by other than parliamentary action, and advises that they contemplate conferring upon a court, jurisdiction to entertain divorce applications from the province of Quebec.

Eight of the nine provinces of Canada now have courts exercising jurisdiction in divorce. The divorce law administered by these courts is not uniform.

Briefly, the law in force in the various provinces is as follows:—

Nova Scotia:

A pre-Confederation Act, chapter 13 of 29 Victoria (1866) established a divorce court for that province and provided that divorce might be granted on the grounds of consanguinity, adultery, cruelty and impotence.

New Brunswick:

A pre-Confederation Act, chapter 5 of 51 George III (1791) established a divorce court for that province and provided that divorce might be granted on the grounds of consanguinity, adultery and impotence.

Prince Edward Island:

A pre-Confederation Act, chapter 10 of 5 William IV (1835) established a divorce court for that province consisting of the Lieutenant Governor and five members of the Council and provided that divorce might be granted on the grounds of consanguinity, adultery or impotence.

The three pre-Confederation divorce courts referred to above were continued by section 129 of the B.N.A. Act.

British Columbia:

The law of England on the subject of divorce as of 1857, except as modified by Acts of the Parliament of Canada relating to divorce passed since that date, is in force in the province of British Columbia and the provincial courts have jurisdiction in divorce.

Manitoba, Saskatchewan and Alberta:

The law of England as to divorce and annulment as it stood on the 15th day of July, 1870, except as modified by Acts of the Parliament of Canada passed subsequent thereto, is in force in the provinces of Manitoba, Saskatchewan and Alberta and the provincial Superior Courts of the respective provinces have jurisdiction in divorce.

Ontario:

In Ontario, the Supreme Court of Ontario derives its jurisdiction in divorce and annulment from the Divorce Act (Ontario) chapter 14 of the statutes of Canada 1930. The law introduced by that Act was the law of England as to the dissolution of marriage and as to the annulment of marriage as that law existed on the 15th day of July, 1870, in so far as it could be made to apply to the province of Ontario and in so far as it had not been repealed as to the province by any Act of the Parliament of the United Kingdom or by any Act of the Parliament of Canada or by the Act of 1930 and as altered, modified or affected, as to the province, by any such Act.

The grounds for divorce in England, under the law in force in that country in the year 1870, were, on the petition of the husband, adultery; on the petition of the wife, incestuous adultery, bigamy with adultery, rape, sodomy, bestiality, adultery coupled with such cruelty as without adultery would have entitled her to a divorce *a mensa et thoro* adultery coupled with desertion, without reasonable excuse, for two years or upwards.

The Acts of Canada passed since 1870 altering the law of England on the subject are the Marriage and Divorce Act, chapter 127 of the Revised Statutes of Canada 1927; The Divorce Jurisdiction Act, 1930; and The British Columbia Divorce Appeals Act, 1937. Chapter 127 of the Revised Statutes consolidates several Acts relating to Divorce in force prior to the year 1927 among them chapter 41 of the Acts of 1925 which abolished the double standard in Canada.

Quebec:

In Quebec, there is no divorce law in force and the Civil Code provides by article 185 that marriage can only be dissolved by the natural death of one of the parties; while both live, it is indissoluble. This is a pre-Confederation law continued in force by section 129 of the B.N.A. Act. It can be altered by the Parliament of Canada but since Confederation it has not been so altered except in the case of individuals and the Quebec courts have held that the Parliament of Canada is the only tribunal which can legally grant a divorce to a person domiciled in Quebec. If, therefore, the Parliament of Canada legislates to provide a court to deal with divorce in Quebec it must go further and provide the law that the court shall administer, that is, enact a divorce law for Quebec. What that law is to be is a matter for the consideration of Parliament.

Various proposals have been made as to what court, if any, should be given jurisdiction to deal with divorce applications in the province of Quebec. The one which commends itself to some is that the Quebec Superior Court be given jurisdiction in divorce, thus treating Quebec in this regard the same as the other provinces and providing that the law to be administered be the same as that in force in Ontario. There are many reasons why, if Quebec is to have a divorce law at all, this court should be clothed with jurisdiction to administer it. It is the court which deals with other civil rights of persons domiciled in Quebec.

It has been suggested that jurisdiction in divorce be conferred on the Exchequer Court of Canada and that the law of England as to the dissolution of marriage as of 1870 be made applicable to Quebec, thereby making the law relating to the dissolution of marriage in Quebec the same as that in force in Ontario.

A third suggestion is that the Exchequer Court of Canada be given jurisdiction throughout Canada, where either of the parties is domiciled in Canada, and that the Superior Court of each province be given jurisdiction within the province, where either of the parties is domiciled in the province, but that an exception be made in the case of the Superior Court of Quebec. The effect of this proposal would be to give the Exchequer Court exclusive jurisdiction in divorce in the province of Quebec and concurrent jurisdiction with the provincial courts in the other provinces.

Another proposal which has been urged by some writers is the establishment of a new divorce court for the Dominion having exclusive jurisdiction in matters of marriage and divorce.

None of the proposals so far advanced have been supported by any body of opinion in the province of Quebec. Senators and Members of the House of Commons from the province have consistently opposed giving any right, to a person domiciled in Quebec, to apply to a court for a decree dissolving a Quebec marriage.

If the Parliament of Canada decides to deal with the problem of divorce in the province of Quebec by other than parliamentary action, it will first have to enact a divorce law for the province and confer jurisdiction to administer it on one or other of the existing courts or set up another court for the purpose.

Respectfully submitted,

J. F. MacNEILL,
Law Clerk and Parliamentary Counsel,
The Senate.

THE SENATE

Thursday, June 17, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LORD'S DAY BILL

FIRST READING

A message was received from the House of Commons with Bill 344, an Act to amend the Lord's Day Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

REVISED STATUTES OF CANADA BILL

FIRST READING

A message was received from the House of Commons with Bill 348, an Act respecting the Revised Statutes of Canada.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

YUKON QUARTZ MINING BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill J-7, an Act to amend the Yukon Quartz Mining Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 28, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

YUKON BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill 341, an Act to amend the Yukon Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 15, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

YUKON PLACER MINING BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill I-7, an Act to amend the Yukon Placer Mining Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 28, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

SASKATCHEWAN NATURAL RESOURCES BILL

REPORT OF COMMITTEE

Hon. Mr. CRERAR presented the report of the Standing Committee on Natural Resources on Bill Z-11, an Act to amend the Saskatchewan Natural Resources Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 15, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committee on Divorce, presented the following bills:

K-12, an Act for the relief of May Holmes Martin.

L-12, an Act for the relief of Georgette Mathias.

M-12, an Act for the relief of Gladys Odella Sweet Elliott.

N-12, an Act for the relief of Robert Charles Delafosse.

O-12, an Act for the relief of Adelaide Jardine McDonald.

P-12, an Act for the relief of Edith McLachlan Ward.

Q-12, an Act for the relief of Eva Lamothe Paquin.

R-12, an Act for the relief of Elizabeth Iris Lobar Kinnon.

S-12, an Act for the relief of Jeanne Obodofsky Newton.

T-12, an Act for the relief of Philip Sidilkofsky.

U-12, an Act for the relief of Rhoda Marjorie Beacom Sadler.

V-12, an Act for the relief of Becky Herscovitch Moscovitch.

W-12, an Act for the relief of Veronica Conrick Pelley.

X-12, an Act for the relief of William Bryan Hazel.

Y-12, an Act for the relief of Victorien Tremblay.

Z-12, an Act for the relief of Pierre Behocaray.

The bills were read the first time.

SECOND READINGS

The Hon. the SPEAKER: When shall these bills be read the second time?

Hon. Mr. ASELTINE: Now.

The motion was agreed to and the bills were read the second time, on division.

THIRD READINGS

The Hon. the SPEAKER: When shall these bills be read the third time?

Hon. Mr. ASELTINE: Honourable senators, it is desirable that these bills be considered by the Private Bills Committee of the other house which, I understand, is meeting over this week-end. I would therefore move that the bills be given third reading now.

The motion was agreed to and the bills were read the third time, and passed, on division.

PRIVATE BILL

REFUND OF PARLIAMENTARY FEES

Hon. T. A. CRERAR moved:

That the parliamentary fees paid upon the Bill F-7, an Act to incorporate Western Pipe Lines, be refunded to Mr. D. A. McIlraith, K.C., of counsel for the petitioners, less printing and translation costs.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, after surveying as carefully as I can the situation of the legislation still remaining in the other place and the prospect of what is likely to come before us; it is my opinion that the work of the Senate in this house and its committees has been so far expedited that the Senate would serve no useful purpose by sitting tomorrow. Therefore I shall move, at the end of this afternoon's session, that when we adjourn today we stand adjourned until Monday next at 8 p.m.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. ASELTINE, Chairman of the Standing Committe on Divorce, moved the third reading of the following bills:

Bill A-12 and Act for the relief of Esther Leibof Kaufman.

Bill B-12, an Act for the relief of Harold Clarence Simkin.

Bill C-12, an Act for the relief of Winnifred Emily Ford Salmon.

Bill D-12, an Act for the relief of Arthur Herbert John Louth.

Bill E-12, an Act for the relief of Frank Potts.

Bill F-12, an Act for the relief of Kenneth Wright Williamson.

Bill G-12, an act for the relief of Ida Goldman Adelstein.

Bill H-12, an act for the relief of George Cohen.

Bill I-12, an Act for the relief of Katharine Lillian Cornish Mullin.

Bill J-12, an Act for the relief of Orville Lester Bennett.

The motion was agreed to, and the bills were read the third time, and passed, on division.

INCOME WAR TAX BILL

AMENDMENTS—REFERRED TO COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Finance to Bill 330, intituled: "An Act to amend The Income War Tax Act."

Hon. Mr. SINCLAIR moved concurrence in the amendments.

Hon. WISHART McL. ROBERTSON moved in amendment:

That the said amendments be not now concurred in, but that they be referred to the Standing Committee on Finance for further consideration.

He said: Honourable senators, I should like very much to have had the Minister of Finance before the committee at its previous meeting, but unfortunately pressure of affairs elsewhere did not permit of his attendance. The government attaches considerable importance to the matters with which the committee has dealt, and it is desirable that the committee should give them further consideration. I suggest, therefore, that a meeting of the committee be held on Wednesday morning next, to enable the minister to be present.

Hon. Mr. HAIG: As one who supported the amendments, I agree that it would be better to refer them back to the committee than to deal with them in this house. In committee we can talk back and forth without being limited by strict rules of debate, and in that way get a better understanding of the situation. I am delighted to learn that the minister himself will be present.

The motion in amendment was agreed to, and the bill was referred to the Standing Committee on Finance.

VETERANS INSURANCE BILL

COMMONS AMENDMENTS REFERRED TO COMMITTEE

On the Order:

Consideration of the amendments made by the House of Commons to Bill G, an Act to amend the Veterans Insurance Act.

Hon. Mr. ROBERTSON moved that the amendments be referred to the Standing Committee on Banking and Commerce.

He said: Honourable senators will note that two other bills on the Order Paper relate to veterans' affairs. It is my intention to explain them and then, if the house sees fit to give them second reading, to move that they be referred to committee, where questions may be asked of the officials who will be in attendance.

The motion was agreed to.

WAR VETERANS' ALLOWANCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 196, an Act to amend the War Veterans' Allowance Act, 1946.

He said: Honourable senators, as you are aware, the War Veterans' Allowance Act was passed in 1930 to provide financial assistance to needy and unemployable veterans of World War I, and to their widows and orphaned children. At the end of 1947 about 31,000 persons, 5,000 being widows or orphans, were in receipt of these allowances. Last year the annual liability on this account was approximately $15 million.

The main purpose of the amendments proposed by this bill is to help offset the rising cost of living by increasing both the basic allowance and the permissive income of the recipient. The basic allowance is raised by $120 a year, and the limitation of $125 on the casual earnings of a recipient has been removed. Also, in view of the mounting volume of work involved in the administration of the act, and the higher cost of living, the salary of each member of the Board is increased by $1,000.

Changes are made in the definitions of "orphan" and "veteran", in order to correct anomalies and to make clear the intention of the act. It is provided that persons charged with making false statements for the purpose of obtaining an allowance under the act shall be dealt with by way of summary conviction rather than by indictment, in which case the fines or penalties can be very severe.

These amendments, along with others of a minor nature, have all been examined very carefully by the Veterans Affairs committee of the other place, and are based upon its recommendations. As honourable senators are aware, a committee of another place frequently makes exhaustive study of various matters in connection with veterans' affairs. I am sure therefore that this legislation, which in the main incorporates the views and recommendations of that committee, will commend itself to honourable members.

Hon. Mr. CRERAR: Will the honourable leader tell the house what increase in expenditure is involved in this legislation?

Hon. Mr. ROBERTSON: Last year the expenditure amounted to $15 million. I have no information at hand which indicates what the increase will be. I am quite sure that information will be available in committee.

Hon. G. V. WHITE: Honourable senators, I rise for the purpose of heartily supporting this measure. Some may feel that it should have gone a little further, and provided more generous allowances to veterans and their dependents; but I feel that under the circumstances the committee has done very well.

May I at this time make a suggestion for what it is worth? If a Committee on Veterans Affairs is set up at the next session of parliament, it seems to me that it might be advisable to make it a joint committee of both houses, so that members of the Senate could

become more conversant with the legislation which is being placed on the statute books with regard to veterans and their dependents.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DOMINION ELECTIONS BILL

SECOND READING POSTPONED

On the Order:

Hon. Mr. ROBERTSON: Stand!

Honourable senators, in asking that this bill stand, I would express the hope and intention that it will be proceeded with next Monday night. Should the Labour Code and the Income Tax Bill reach this house by that time, I may ask honourable senators to give both of these bills first and second readings so that we may then proceed with the discussion of this bill.

Hon. Mr. HAIG: I would suggest to the leader of the government that we proceed with Order No. 9 and return to this bill later. The Dominion Elections Bill is a peculiar one, and in my experience this house has never interfered with the measure because it relates purely to the elections to the other place. I do not intend to criticize the bill, but I propose to add something to it.

Hon. Mr. ROBERTSON: Honourable senators, I am quite willing to go ahead with the second reading of this bill, but the honourable senator that I had asked to explain it is not prepared to do so now.

Hon. Mr. HAIG: He could adjourn the debate.

Hon. Mr. ROEBUCK: The bill has not been distributed.

Hon. Mr. ROBERTSON: No, it has not yet been distributed.

Hon. Mr. MORAUD: Is it the intention of the government to pass the Income Tax Bill this session?

Hon. Mr. ROBERTSON: I know of nothing to the contrary. It depends on parliament.

The Order stands.

VETERANS' REHABILITATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 200, an Act to amend the Veterans' Rehabilitation Act.

He said: Honourable senators, this bill makes a number of amendments to the Veterans' Rehabilitation Act. These amendments are minor in character, but in the light of three years' experience in administering the Act, they are deemed desirable and necessary.

It will be recalled that the Veterans Rehabilitation Act was designed to provide various forms of assistance and training to help veterans make the transition from the armed forces to civilian life. Under the Act, some 55,000 veterans have taken or are taking university training, and some 93,000 more have received or are receiving vocational training.

The Veterans Affairs Committee of another place, which heard representatives of veterans organizations and of the department, carefully considered these amendments, which are intended to correct various anomalies that have arisen in the administration of the Act.

The bill makes provision for the payment of an allowance to a veteran who is in process of legally adopting a child, or to a veteran whose wife has an illegitimate child that he is maintaining. Compensation is provided for veteran-trainees who have been disabled through accident in the course of their training. There is an amendment to make clear that veterans now serving in the permanent forces do not qualify for these rehabilitation benefits upon retirement from the service, say, twenty years from now. Another amendment has to do with the transfer of veterans from university training to vocational training and *vice versa*, the intention being to make it easier in future for a veteran to transfer if he so desires. Finally, it is proposed that veterans who have undergone some training and who wish to take advantage of the Veterans' Land Act may be reinstated in their entitlement to Veterans' Land Act benefits upon repayment of the training allowances they have drawn from the government. There are a good many minor amendments, but these are the most important ones. I may say to my honourable friend from Churchill (Hon. Mr. Crerar) that at the moment I have no estimate of the increased expenditures under this bill either, but I shall see that the information is forthcoming.

I would suggest that after second reading the bill be referred to the Committee on Banking and Commerce.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TARIFF BOARD BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 345, an Act to amend the Tariff Board Act.

He said: Honourable senators, the purpose of this bill is to make certain amendments which are necessary in order to reconstitute the Tariff Board, which at present is unable to carry out its duties because the only member of the board is its chairman, Mr. Hector McKinnon. The other two members retired in 1943, on the expiry of their ten-year terms. It is proposed to fill the vacancies at the earliest possible date, and the bill contains amendments which it is hoped will enable the board to function more efficiently.

Honourable senators will recall that the board was set up in 1931 with two main duties: to conduct inquiries into tariff matters specifically referred to it by the Minister of Finance, and to act as a board of appeal from the decisions of the administrative authorities under the Customs Act, the Excise Act and the Excise Tax Act. During the war there were no references by the minister on tariff matters, and the sole member of the board has been fully occupied with international tariff negotiations. On the other hand, appeals from administrative rulings continued to come in to the board; but they could not be heard, as one member does not constitute a quorum for this purpose, and there was no provision for temporary appointment of board members. Ten or twelve of these appeals by Canadian interests are now awaiting hearing, and the Minister of National Revenue is anxious to have them disposed of. Further, a bill to amend the Customs Act which is now before another place greatly facilitates appeals to the Tariff Board.

The amendments contained in the bill anticipate that the Tariff Board will be reconstituted and enter upon a period of greatly increased activity. The bill proposes various amendments. First, the term of appointment of the board's members is made more flexible, and there is provision for appointment of a temporary member when a regular incumbent is ill or absent from the country. This would overcome some difficulties met with in recent years. Secondly, the staff of the board, apart from the three members, is brought under the Civil Service Act, and future staff appointments will be made by the Civil Service Commission. In the third place, the pension for board members will in future be on a contributory basis under the Civil Service Superannuation Act, and the old provisions for non-contributory pensions are repealed. The chairman's salary is raised from $12,000 to $15,000, which is what it was in 1933.

Hon. Mr. HORNER: Since the government is adopting a policy of tariff by prohibitions, I should think that the Tariff Board's work would be falling off.

Hon. Mr. ROBERTSON: I would remind my honourable friend that "hope springs eternal . . . ."

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON: Honourable senators, if anyone so desires, I am quite willing to move that this bill be referred to the Standing Committee on Banking and Commerce, which is to meet again on Tuesday morning.

As there seems to be no desire otherwise, I now move that the bill be read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, I have asked the honourable gentleman from Inkerman (Hon. Mr. Hugessen) to explain this bill.

Hon. A. K. HUGESSEN: Honourable senators, this is a bill to provide the capital requirements of the Canadian National Railways for the year 1948. With one exception, to which I shall come in a few moments, the bill is similar to others that have been approved by parliament over a number of years. Aside from that exception, I think it will be unnecessary for me to discuss the measure in detail.

The bill provides for a total authorized capital expenditure by the Canadian National Railways during the current year amounting to $101,697,000, of which $15,815,000 is available from reserves already on hand, leaving a total net capital expenditure of $85,882,000 to be provided by parliament under this legislation.

The bill contains the usual provisions authorizing the Canadian National Railways to issue and sell its securities to the amount that I have named, and for the guarantee of those securities by the government; further, it authorizes the government, pending the issue and sale of the securities, to make temporary advances to the railway.

Hon. Mr. EULER: Do I understand that the sum to be provided by parliament is $85,000,000?

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. EULER: What proportion of that amount is to be raised by the issue of bonds or securities, and what amount is to come out of the Consolidated Revenue Fund?

Hon. Mr. HUGESSEN: It is impossible for me to answer that question at the moment. I think it is unlikely that the whole amount will be raised by public issue of bonds.

Hon. Mr. EULER: I would hope not.

Hon. Mr. HUGESSEN: While the authorization is for $85,000,000, it is unlikely that the railway will be able to spend that amount this year, the reason being that some of the things they want to buy are unavailable. Part of the expenditure may be covered by a special issue of bonds and part by permanent loans from the government.

Hon. Mr. HORNER: There is nothing in the bill about the rate of interest to be charged on loans.

Hon. Mr. HUGESSEN: No, there has never been such a provision.

Hon. Mr. HOWARD: The interest rate depends on the money market.

Hon. Mr. HUGESSEN: Yes, it depends on the market for the securities and the terms obtainable at that time.

Hon. Mr. HORNER: Why does not the Bank of Canada issue the money?

Hon. Mr. HUGESSEN: I do not think that policy has commended itself to parliament in the past. The Central Bank was not set up for the purpose of advancing money to either public or private corporations.

Hon. Mr. ROEBUCK: It seems to me that before authorizing the raising of such a large sum of money we should know the purpose for which it is required.

Hon. Mr. HUGESSEN: I am coming to that point, and I hope to satisfy my honourable friend before I am through.

Hon. Mr. LEGER: I am curious to know what the capital debt of the Canadian National Railways is at the present time.

Hon. Mr. HUGESSEN: The capital indebtedness of the Canadian National Railways, as of December 31, 1947, will be found in the annual report of the company, which has been circulated among honourable senators. Its funded debt to the public is $582 million; loans made by the Dominion Government amount to $689 million.

Hon. Mr. MORAUD: I understood the honourable senator to say that the $85,000,000 will not be spent this year. What portion of that amount will be spent this year?

Hon. Mr. COPP: It may not be spent this year.

Hon. Mr. HUGESSEN: Perhaps my friend, if he will permit me to go on with my explanation of the details of the expenditures, will be better able to judge the amounts which are unlikely to be spent this year.

The items comprising the total of $101,697,200 will be found in section 2 of the bill. They are as follows:

Additions and betterments (less retirements)	$ 20,250,000
New equipment	59,000,000
Barraute branch line	1,440,000
Acquisition of securities and retirement of capital obligations	1,007,200
Additional working capital	20,000,000
	$101,697,200

I should like to deal briefly with the details of those items. A breakdown of the first item, additions and betterments, appears in the unrevised *Hansard* of the other place at page 5163. I should like to place that information on record.

Hon. Mr. LEGER: Is it very long?

Hon. Mr. HUGESSEN: It consists of about three-quarters of a page, and itemizes the expenditures under twenty-seven categories; the expenditures are broken down as to regions in each category. Perhaps honourable senators would be interested in the totals for each region. They are as follows:

Atlantic Region	$1,909,000
Central Region	9,900,000
Western Region	4,990,000
Grand Trunk Western Lines	3,700,000
Central Vermont Railway	386,000
Other	4,470,000

The principal items under the heading "other" are:

Telegraphs	$2,500,000
Subsidiary companies	1,375,000

These are the ordinary items of capital expenditure. This statement which, with permission of the house, I shall place on *Hansard*, gives the details of twenty-seven categories of expenditure by the railway.

(See Appendix at end of today's report)

Hon. Mr. HAIG: Will the honourable gentleman illustrate what the items mean?

Hon. Mr. HUGESSEN: I will take the first item, rails and fastenings. In the Atlantic region the railway proposes to spend $110,000 for those items. Picking out other items at random, I see ballast, tunnels, shops, engine-houses and machinery, signals and interlockers and so on. Under each heading the proposed expenditures are itemized.

Hon. Mr. EULER: But many of them would appear not to be capital expenditures.

Hon. Mr. HUGESSEN: Items other than capital expenditures are not included in this table. There will be a great number of expenditures for maintenance; but these are additional capital expenditures.

Hon. Mr. MORAUD: Ballast is maintenance.

Hon. Mr. HUGESSEN: Ballast is only maintenance in so far as it represents replacing ballast with the same type as was used previously; but if rock ballast, for instance, is used where previously there was only sand ballast, part of the expenditure can be treated as capital.

Hon. Mr. MORAUD: The item of $9,000,000 would, I suppose, include a large expenditure for the Barraute branch line.

Hon. Mr. HUGESSEN: Expenditures for that line are not included in the $9,000,000.

Honourable senators will perhaps be interested in the item, under additions and betterments, of $2,500,000 for Montreal office building. Honourable members who have been in Montreal recently will have noticed that there is a building going up over the eastern part of the Central station; as a matter of fact, the steelwork for the new building is practically completed. While that building is being constructed by and will be the property of the Canadian National Railways, it will in fact be an aviation building. It is to house the headquarters of all the air lines which operate in and around Montreal. It is also to be the head office of the private corporation formed by all the international air lines of the world, to which parliament granted incorporation two years ago. More important still, the building is to be headquarters of the International Civil Aviation Organization, the governmental body under the United Nations which deals with international questions relating to world aviation. I think it can be said that this building will be the civil aviation centre of the world.

Hon. Mr. LEGER: But what has that to do with the Canadian National Railways?

Hon. Mr. HUGESSEN: It is built on property belonging to the Canadian National Railways.

Hon. Mr. HAIG: Why should the railway build it?

Hon. Mr. HUGESSEN: The second item of capital expenditure contained in section 2 of the bill, is $59,000,000 for new equipment. I have here a breakdown of the items of that new equipment, and with permission I will place it on the record.

Equipment for which financial provision is required during 1948:

2,000	50-ton box cars
700	50-ton box cars (G.T.W. lines)
1,000	40-ton automobile cars
500	70-ton gondola cars
500	70-ton hopper cars
250	70-ton service cars
300	50-ton overhead refrigerator cars
50	50-ton overhead refrigerator cars (G.T.W. lines)
500	60-ton flat cars
75	8000-gallon tank cars
20	1000 H.P. Diesel-electric switching locomotives
10	Steel cabooses (G.T.W. lines)
1	3000-H.P. Diesel-electric switching locomotive (G.T.W. Lines)
1	1000-H.P. Diesel-electric switching locomotive (C.V.P.)
2	4500-H.P. Diesel-electric road locomotives
3	Electric locomotives
6	Multiple unit cars
15	Multiple unit steel car trailers (Montreal suburban service)
25	Air-conditioned coaches
20	Sleeping cars
50	Baggage cars
50	Overhead express refrigerator cars
50	Cabooses (converted from box cars)

Total cost, including sales tax and inspection charges, $59,000,000.

The general reason for this large item of new equipment is one which applies to all the railways on this continent: it arises from inability to obtain new equipment during the war, and also extreme wear and tear on existing equipment as a result of use during the war.

Hon. Mr. MORAUD: The railway has built up a large reserve for that replacement. Could we have the exact figure?

Hon. Mr. HUGESSEN: Perhaps my honourable friend is referring to what is called the deferred maintenance fund—

Hon. Mr. MORAUD: That may be so.

Hon. Mr. HUGESSEN: —which appears on the consolidated balance sheet of December 31 last at a figure of $25,000,000. That refers only to deferred maintenance, not to new capital expenditures.

Hon. Mr. MORAUD: What is the difference? They are going to use that $25,000,000 for replacements, are they not?

Hon. Mr. HUGESSEN: Yes, I assume they will. I am not sure what is the exact relation between this item for new equipment and the deferred maintenance reserve. But I understand that if this measure is referred to the Standing Committee on Banking and Commerce, the Comptroller of the Canadian National Railways will appear before that committee, and he will be able to answer the honourable senator's question and other questions of that kind much better than I can.

The particulars of this new equipment are of some interest, and perhaps the house will excuse me if I go into a few details about them. In the first place there is provision for approximately 6,000 new freight-cars of various types. Honourable senators are aware that not long ago there was an acute shortage of freight-cars in certain parts of the country, and they will agree, I think, that it is the duty of the railways to provide sufficient equipment of that kind to meet ordinary commercial demands. In the second place, provision is made for twenty Diesel switching locomotives. That item is of particular interest to our larger centres, such as Montreal and Toronto, which have considerable reason to complain about the smoke nuisance in the railway yards.

Hon. Mr. ROEBUCK: Right you are!

Hon. Mr. HUGESSEN: The new Diesel electric locomotives are designed to reduce this nuisance to a minimum. I believe it is intended ultimately to replace with Diesel locomotives all the switching locomotives in the large freight-yards.

Hon. Mr. ROEBUCK: When may that be expected to take place?

Hon. Mr. HUGESSEN: I am afraid I cannot answer that.

Hon. Mr. LEGER: Will all these Diesel engines be allotted to Montreal and Toronto?

Hon. Mr. HUGESSEN: It may be that one or two will find their way to minor centres such as Winnipeg. I do not know.

Hon. Mr. HAIG: I may tell my honourable friend that Diesel locomotives are used at Winnipeg, and have been in use on both railroads for the last year and a half. My honourable friend had better wake up.

Hon. Mr. HUGESSEN: Perhaps I should amend my remark, and say that the rest of Canada is going to follow the lead of Winnipeg.

Hon. Mr. HAIG: They tried it out on us, and we did not die, so these locomotives are going to be used everywhere else.

Hon. Mr. HUGESSEN: The third item relates to passenger-cars—of which twenty-five are air-conditioned coaches and twenty are sleeping-cars—and, in addition, fifty baggage-cars. Of course these cars will be of steel construction, a fact of very great importance from the standpoint of safety. There are still employed in the passenger service of our lines a large number of wooden coaches, and what is likely to happen while cars of this type remain in use was terribly exemplified in the dreadful accident which took place at Dugald, Manitoba, in September last year.

It is astonishing to what a degree safety can be enhanced by the use of all-steel coaches instead of wooden coaches. Perhaps the house will allow me to mention a personal experience. A few years ago I was travelling from the East on a train consisting of steel sleeping-car cars, except for one old wooden compartment-observation car which happened to be in the middle of the train. While our train was standing on the main line, a train travelling in the opposite direction ran into us. Fortunately it was going quite slowly, and those of us who were asleep in the steel sleeping-cars felt no more than a bump that was perhaps a little harder than one would normally expect from the stopping of a train. No damage was done to the steel cars, but the wooden car in the middle was compressed like a concertina, and was completely wrecked. But for the fact that very few people were in it, there would have been considerable loss of life. The remains of the wooden car were simply thrown to the side of the tracks, the steel cars were connected up, and the train went on its way. I think honourable senators will realize that, by providing in this budget for new steel passenger equipment, the Canadian National Railways are doing what they can to avoid such incidents.

One word of warning in relation to this large item of $59,000,000 is, I believe, necessary. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) asked how much is likely to be spent this year. It is all very well to

make estimates of the equipment one wants to buy, but under present conditions it is very doubtful whether all of it can be obtained. The manufacturers of equipment are booked up for many months, even years, ahead; and it is very difficult to get new equipment when you want it. As an example, let me cite some figures pertaining to last year. In 1947, in a bill similar to the present one, we voted $41,500,000 for new equipment for the Canadian National Railways; in point of fact the company were able to spend last year only $9,600,000.

Hon. Mr. ROEBUCK: That need not prevent them putting a little new ballast on the rocky road between Ottawa and Toronto.

Hon. Mr. HUGESSEN: That, I believe, is a Canadian Pacific line, is it not?

Hon. Mr. ROEBUCK: I do not think so. There are pool trains, anyway.

Hon. Mr. HUGESSEN: Yes. I think they run over the Canadian Pacific railway.

The third item of these expenditures is $1,440,000, required for the Barraute branch line.

Hon. Mr. HAIG: That is only part of the cost, is it not?

Hon. Mr. HUGESSEN: Yes. The total length of the line is fifty-five miles, and the estimated cost is $4,125,000. The building of that line was authorized in 1946; the first thirty-nine miles are now under construction, and $1,180,000 was expended on the work during 1947. It is expected that, with this additional grant of $1,440,000, the thirty-nine miles will have been completed by December 1 next.

The fourth item is $20,000,000 of additional working capital. The reason this money is needed is, I think, fairly clear; it is the great increase in the volume of traffic over the past few years, and the larger amount and increased cost of supplies and materials required to be held in stock. The value of the materials and supplies on hand on December 31 last was nearly $63,000,000. Perhaps I should say that although the total amount of working capital required is $20 million, all of it will not be applied for immediately. Applications will be made to the government for the release of additional working capital as required from time to time. Should the business of the railway recede to any considerable extent, and should it be found possible to reduce the inventory of materials and supplies, repayment of any excess working capital will be made to the government.

I now want to discuss two new provisions not to be found in any similar legislation with which this parliament has previously dealt. I refer to sections 9 and 10. Section 9 allows the Minister of Finance, with the approval of the Governor in Council, to advance temporarily to the Canadian National Railways, any time before April 1, 1949, the amount of any differences between its expenses and its income. Such a temporary advance would have to be replaced in due course by parliamentary appropriations. The reason for this is that in pre-war years it was the practice to estimate, in anticipation of the annual budget, what the deficit of the Canadian National Railways was going to be.

Hon. Mr. HAIG: What was it last year?

Hon. Mr. HUGESSEN: The actual deficit of the Canadian National Railways was approximately $15 million. For reasons that my honourable friend can well appreciate, it is felt to be unwise to attempt to make any such estimate for the current year.

Hon. Mr. HAIG: They did publish an estimate.

Hon. Mr. HUGESSEN: Yes, but a number of things have happened since. In the annual report of the Canadian National Railways it was stated that the estimate could only be a wild guess.

Hon. Mr. HAIG: What has happened since?

Hon. Mr. HUGESSEN: Firstly, there was an increase in freight rates; secondly, there was a demand for very substantial additional wages, the amount of which has not yet been determined; and, thirdly, under present conditions the cost of coal and fuel supplies for the balance of the year is indefinite. It was felt, therefore, that it would be wise not to determine the finances on the basis of an estimate for the current year, but to deal with whatever deficits may arise by the method provided in Section 9 of the bill.

Section 10 provides a similar method for dealing with deficits that may arise in connection with the Trans-Canada Air Lines during the course of the current year and until April 1, 1949.

If this bill is given second reading, I would move that it be referred to the Standing Committee on Banking and Commerce, where the comptroller of the Canadian National Railways will be available to answer any questions. This has been the practice for the past two years.

While I am still on my feet may I say that I think it would be a good thing if the members of this house had more opportunity to inquire into the affairs of the Canadian

National Railways? I notice that the honourable senator from Pembroke (Hon. Mr. White) suggested that the committee dealing with veterans' affairs might be a joint committee of both houses. At the present time the annual estimates of the Canadian National Railways are submitted to a committee solely of members of the other house. I would venture to suggest that it might not be a bad idea for honourable senators to join with members of the other house in asking questions of the officers of the Canadian National Railways.

Hon. FELIX P. QUINN: Honourable senators, I listened attentively to the honourable senator who has explained this bill, which involves a huge expenditure of money, but I did not hear him make any reference to the furnishing of Diesel engines for the city of Halifax. When the building of the new terminals at Halifax was commenced in 1913, the railway authorities promised that upon completion of the terminals smokeless engines would be provided for the operation of the railway from the south end into and through the residential section of the city. The train smoke in that area has become an awful nuisance. The mayor, the city council, the Halifax board of trade, and other organizations in that city have repeatedly made requests to have the situation remedied, but as yet they have not met with success. No provision has been made in this bill to furnish Diesel engines to take care of the railway traffic out of Halifax, as far as the assembly yards at Rockingham. This is a matter of great concern to the city of Halifax, and until such provision is made, even if I am the only member in this house to do so, I shall vigorously oppose the passage of this bill.

Hon. Mr. HUGESSEN: I assume that my honourable friend from Bedford-Halifax refers solely to switching engines.

Hon. Mr. QUINN: No. I refer to every engine that enters the city of Halifax from the assembly yards at Rockingham. As my honourable friend knows, the traffic goes in a circle right around to the waterfront.

Hon. Mr. HUGESSEN: As I have stated, there is provision for twenty 1,000 horsepower Diesel-electric switching locomotives, some of which may be employed in the Halifax yards. There is also provision for two Diesel-electric road locomotives which, I understand, may be employed in that area. In fact, last summer there were some trial runs of heavy-load Diesel-electric locomotives on the line between Montreal and Halifax.

Hon. Mr. ROEBUCK: Honourable senators—

Hon. Mr. HAIG: Honourable senators, I do not intend to talk very long on this matter, but I should like—

Hon. Mr. ROEBUCK: I think I had the floor, did I not? I think I was speaking when my honourable friend rose.

Honourable senators, I am not too well "sold" on this proposition of the executive underwriting the deficit, and then later coming to parliament and saying, "We are in the hole so much". The nation becomes bound in the matter, and parliament, which has to provide the money, becomes simply a rubber stamp. I assume that the Canadian National Railways, like any other business, has banking facilities. Why then is it necessary to tie up parliament in advance by having the name of the cabinet behind this loan? It does not sound like good procedure to me.

Hon. Mr. HUGESSEN: Would it not result in lower interest rates being paid?

Hon. Mr. ROEBUCK: Perhaps that is the answer.

Hon. Mr. HAIG: Does anybody else wish to speak? I do not mind standing aside. I thought it was my right as leader of the opposition to speak second on a bill, but perhaps it is not.

Hon. Mr. ROEBUCK: I was asking a question. The honourable leader of the opposition has no more right than anybody else to the floor of this house.

Hon. Mr. HAIG: Is my honourable friend through?

Hon. Mr. ROEBUCK: Yes, I am.

Hon. Mr. HAIG: I merely wish to say a word or two about this problem. When I had the pleasure of entering this house thirteen years ago this was one of the serious problems of our country, and it still remains so. The railways fell behind some $15 million last year. They got a 21 per cent increase in freight rates, which has given rise to a tremendous problem for eastern and western Canada. That was illustrated by the application before the Board of Transport Commissioners. The two central provinces did not oppose the application for increased freight rates, but strong opposition was made by the four western and three Maritime Provinces.

Fundamentally, the Canadian National's trouble arises from the fact that every time it needs money it comes to parliament and gets a blank cheque. No business enterprise or individual could carry on successfully in that way. If a child at home was given a dollar

every time he asked for it, he would grow up without any sense of the value of money; and he might have to go through a very bitter experience before he learned his lesson. I say that Canada cannot prosper if it continues to hand out $85 million a year to one railway. There should be an inquiry into the Canadian National to determine just what its assets are worth, and then it should be told to go ahead and pay its way on the basis of that valuation. In other words, it should be required to carry on as private organizations do, and not come running to parliament every year for $85 million. The so-called debt of the railway is $1,200 million, and the system is not worth that much.

My honourable friend from Inkerman (Hon. Mr. Hugessen) says that the sum asked for here represents capital investments. That is not the proper term at all. To refer to these expenditures as capital investments is merely to use a term that is more palatable to the public than the correct term would be.

The railway men are now asking for an increase in wages. I know nothing at all about the merits of that request, but I do know that if it is granted there will be an application from the railways for a further increase in freight rates, because without increased revenue the road whose needs the Transport Board considered as a standard—the Canadian Pacific—would be unable to carry on.

We in western Canada are desperately troubled over the freight rate question, for we are a long distance from the source of supply of most of the goods that we have to bring in from outside. The same is true of the Maritime Provinces. To help the Maritimes meet their problem we have made great concessions every year, on the recommendation of the Duncan commission. But no such concessions are made to the West, and the time is rapidly approaching when the products of the West will have to face competition on world markets.

My honourable friends opposite may say that so far this year business conditions have been pretty good; but I notice that grain prices on the world market are going down. Rye is down to about half of what it was a year ago, and wheat is falling. Oats and barley will decline too, especially if there is as good a crop overseas as is in prospect. And when prices drop the farmers will demand that the 21 per cent increase in freight rates be lifted. True, the Crowsnest agreement prevents the application of that increase to wheat, but the higher freight charges have to be paid on all the goods brought into the West.

I know that the Canadian National cannot carry on without the money asked for in this bill, but that is because of the burden of the so-called debt of $1,200 million. Most western newspapers, and certainly the leading ones, have for years advocated that this camouflage be discontinued and that the railway's liabilities be placed in a proper light. So long as it is said that this figure represents the outstanding debt, what inducement is there for the management to try to make the road pay? I am reminded of the glowing picture that was painted when the bill to incorporate the Trans-Canada Air Lines was introduced; but we know how different the result has been. Last year, for instance, instead of a huge profit there was a loss of about $1½ million.

We all remember that in the early thirties the Canadian National was said to be going behind at the rate of about $50 million annually. In 1936, my first session in this house, the government of the day brought in a bill to do away with the commission that was managing the railway and to substitute a board of directors to hold office during pleasure —in other words, as we would say on the hustings, a board of political directors. The majority in the Senate then was opposed to the government, yet we passed that bill. Why? Because we were convinced that as long as the Canadian National could get money from parliament for the asking, it would make no difference whether the management was a board of political directors or of business men.

I suggest that next session a bill setting forth the Canadian National's money requirements should be brought down early, so as to give us a chance of exploring the possibility of putting the road on a sound financial basis. We could hold committee hearings and go into the whole question in as much detail as we wished, just as we did with the income tax question. I should like to ask the officers what the road in Western Canada is doing. And my honourable friends from Quebec could satisfy their curiosity about the Barraute branch line. I recall that when the bill for the construction of that line was brought in one of our colleagues expressed strong doubt that the line could be made to pay. Some of us would also inquire into the railway's experience with Diesel engines. My honourable friend from Inkerman (Hon. Mr. Hugessen) does not seem to think there are any of those engines in Winnipeg, but I can assure him he is wrong. I think there are likely some in Montreal too.

Hon. Mr. HUGESSEN: There are some in the Canadian National yards at Montreal, but not nearly enough.

Hon. Mr. HAIG: Are they being used as an experiment?

Hon. Mr. HUGESSEN: Oh, no.

Hon. Mr. HAIG: When they were first used at Winnipeg both railways candidly stated that it was an experiment.

Hon. Mr. HUGESSEN: The experimental stage has been passed.

Hon. Mr. HAIG: Honourable senators, we are not so busy in this house that we have not time to inquire into the Canadian National's operations. If we undertook a study next session, we might be able to make a recommendation that would help to solve the existing difficult railway problem. When we have once arrived at a fair figure for the value of the assets, we can say to the management, "Now go ahead and make the road pay."

I should like to see a law passed requiring Ontario and Quebec to buy their coal from Alberta. Coal should be shipped also from the Maritimes.

Hon. Mr. COPP: Quite a bit is shipped.

Hon. Mr. HAIG: A very small amount is sent up by boat to Montreal. Think of the amount we spend for American coal out of our small reserve of United States dollars, when we could bring coal from Alberta where there is more coal than in all the rest of Canada. The people of the West are greatly worried over the increase in freight rates. Of course we are not so slow as to fail to realize that when wages and costs go up the railway has to get more revenue for carrying freight. But what are we in the West going to do about it?

Hon. A. L. BEAUBIEN: We pay the bulk of it.

Hon. Mr. HAIG: That is quite right. The rest of Canada does not seem to appreciate the problem we face in that respect. True, the Maritimes showed some concern, and appointed able men to appear before the Transport Board on the freight rates hearing. All the provinces were represented by able men. But the board was bound by the facts and decided in favour of the increase. It does not affect Ontario and Quebec as it does the West.

I do not intend to vote against this bill, and I see no purpose in referring it to committee. An official of the Canadian National Railways system could tell us very little about its operations in an hour or two. I could ask a few questions that would keep him busy for two or three days. For instance, I should like to know the whole cost of the Barraute line and what its expenses and revenues are; I am curious about the operating costs per year of the transcontinental line from Nakina to Quebec, and whether it should be discontinued. Further, what were the profits on the lines from Winnipeg to Fort William via Fort Frances and via Armstrong? We should have the answers to such questions as these before being asked to form an opinion. If we have too many lines operating under the C.N.R., we at least ought to know it.

I shall not object to the bill going to committee, but I do not think it will help us much—the railway has to have the money.

Hon. WISHART McL. ROBERTSON: Honourable senators, the honourable gentleman who explained the bill (Hon. Mr. Hugessen) has had to leave the chamber, and I have only a few remarks to make in answer to the leader opposite. His suggestion that this measure should have come before parliament earlier in the session is a useful one. I believe that an inquiry by the Senate into the whole railway question would be helpful.

It strikes me, however, that the criticism of the Canadian National Railway is hardly fair. Honourable senators know that while an increase of 21 per cent in freight rates was authorized, a great deal of freight is still being carried under agreement at the old rate. I am told that the over-all increase is something like 15 or 16 per cent.

Hon. Mr. COPP: I think it is less than that.

Hon. Mr. ROBERTSON: Honourable senators well know that the Crowsnest agreement, or any such arrangement to keep the rates down, does not mean that the cost of the service is reduced. In all fairness it should be said that the railways have incurred additional costs without increased revenue. Since the last increase in Canada prior to the recent one, freight rates in the United States have gone up as much as 60 per cent. I know it is impossible to make an exact comparison; but I think that in the face of rising costs of materials and wages, the railways of Canada have given excellent service. Their operations reflect great credit upon management and the employees.

When the bill has been given second reading I intend to ask that it be referred to the Standing Committee on Banking and Commerce. In anticipation of the bill going to committee, I have arranged a meeting for Tuesday morning next, and even though the time may be short, the officials will be available to answer at least some of honourable senators' questions.

Hon. W. D. EULER: Honourable senators, at the outset I must admit that I find difficulty in following the reasoning of my good friend the leader opposite (Hon. Mr. Haig). He complains about the 21 per cent freight rate

increase and says that the West cannot stand it. I am sure all will agree that with the increases all along the line—especially in wages—in every branch of business, it seems perfectly reasonable that the railways should have an increase in freight rates. I do not think we can deny them an increase.

I am not contradicting the statements made by the leader opposite about the difficulties of the West, but I would remind him that a good many years ago that part of the country secured what was called the Crowsnest agreement, and it has never been modified. Soon after the making of that agreement I had the honour of being chairman of the Committee on National Railways and Shipping of the other place. Perhaps my honourable friend who sits next to the leader opposite (Hon. Mr. Calder), will remember that committee. An effort was made at that time to abolish or modify the Crowsnest agreement. We had a pitched battle in the committee, and again in the house, over that question, and I must say that it was the members from Ontario who preserved the Crowsnest rates for the West.

Hon. A. L. BEAUBIEN: Was that in 1922?

Hon. Mr. EULER: I have forgotten the exact date. But I know that the members from Ontario defeated the proposal to abolish or modify the agreement by a majority of something like one.

As to the Maritime provinces, it would perhaps not be unkind to say that they have most favourable freight rates.

Hon. Mr. QUINN: For a particular reason.

Hon. Mr. EULER: I am not saying that the Maritimes should not be so favoured. But it has been said by way of comparison that the central provinces—and I hold no brief for Ontario or Quebec; I like to have a Canadian point of view—do not suffer from the increased freight rates. I may say that it costs the manufacturers in Ontario as much to ship their goods to Montreal as it does to ship to the Maritimes, which is more than twice the distance to Montreal.

I see no reason for the outcry. The increase in freight rates has followed the rise in labour and other costs. That, I think, is why the provinces of Ontario and Quebec have not made any protest.

My honourable friend's arguments were largely directed against the Canadian National Railways. He said very little about the Canadian Pacific Railway. In the old days, when I was a member of the other house, I was one of the few champions of public ownership of railways. I make no apology for that. I have always believed that the Canadian National Railways should be owned and controlled by the Dominion of Canada; and I might add in passing that the management of that road has done a pretty good job. What was the situation when the government took over the Canadian Northern, the Grand Trunk, the Grand Trunk Pacific and the Intercolonial? All these roads had to be welded into one harmonious whole, operable as a single system. That of itself was a tremendously difficult job. My honourable friend says that the assets are not there. I am not so sure that he is correct. A tremendous capital expenditure was necessary, and a correspondingly heavy debt was incurred. Unprofitable branch lines could not all be abandoned. It is very difficult to earn enough money to pay the interest on the indebtedness and to make a profit as well.

Hon. Mr. HAIG: May I point out that interest is charged, not on what is owed to the government, but only on bonds issued to the public.

Hon. Mr. EULER: And it would be the fair thing also to charge interest on the debt which is owing to the government.

Hon. Mr. HAIG: But that is not done.

Hon. Mr. EULER: I know. On that point I agree with my honourable friend. I say that if you want the correct picture of what it has cost to operate the Canadian National Railways you should include not only the interest owing to outsiders but what is owing to the government. That would be sound business. But our present set-up is part of the price of public ownership of the Canadian National Railways. What was the alternative? The Great Northern and the Grand Trunk were in bankruptcy. There were only two alternatives; that the government should take over these roads and build from them one great harmonious system, or that they should become the property of the Canadian Pacific Railway; and nobody wanted a privately-owned railway monopoly in this country.

I will go a little further. In those days I was, I believe, the only member of the House of Commons who held that, to eliminate the heavy losses which resulted from unnecessary, wasteful competition between the roads, if we were to have a railway monopoly it should be publicly-owned rather than privately-controlled. In expressing this view I would not be understood as disparaging the Canadian Pacific Railway, which is a great and well managed road. But taking over the Canadian National Railways involved the amalgamation of

various roads under circumstances which made the system extremely difficult to operate at a profit.

What is the situation today? Competition is tremendously keen and, perhaps, as between the two roads, to some extent wasteful I remember that during the regime of Mr. Bennett's government a bill was passed to provide for a certain degree of "compulsory co-operation". Of course "compulsory co-operation" is a contradiction in terms; and about the only result of that legislation was a limited service of pooled trains between Toronto and Ottawa and, possibly, between Toronto and Montreal. As a matter of fact it can be said, with no reflection on either road, that the managements do not make any particular effort to co-operate in any financially significant way. So the present situation is that the two railroads not only have competition between themselves, but must meet competition from the trucking firms. The truck is a great handicap to the profitable operation of these roads; and not only trucks, but buses and automobiles as well, are carrying merchandise and passengers. This condition is exemplified in the United States, where the railroads are spending hundreds of millions of dollars for the purpose of providing a service which can compete with that given by the trucks, in some cases by buses, and by the ordinary passenger automobile. This requires money by way of capital expenditure. Coaches built of steel, as they should be, and equipped with air-conditioning and all sorts of other conveniences necessary to attract patronage to the railroads, cost a great deal of money.

When I asked the honourable senator from Inkerman (Hon. Mr. Hugessen) how much of this $85,000,000 was to be raised by the sale of securities and how much was to be charged to the consolidated fund, I had in mind the possibility of a deficit. It is of course a wholly wrong principle to deal with deficits by borrowing more money to pay them. The cost of the actual deficits, unless we are to bring everything to ruin, should come out of the consolidated fund of Canada. The people of Canada have to pay the losses legitimately incurred by the Canadian National Railways, and I for one am perfectly willing to meet my share of that cost. For my part, I would much prefer that the federal treasury should meet the deficits of our national railways—even though they may increase in years to come—than that the railroads should be operated as a privately-owned monopoly.

I had not intended to take part in this discussion, but it seemed to me that something should be said by way of explanation of the difficulties which the Canadian National Railways have had to face, and why it is almost impossible for them to make ends meet. During the war they did very well, but, as everybody knows, conditions were abnormal; and if they are to adapt themselves to transportation as it is now demanded by the public, and meet the competition of trucks and other automobiles, they have simply got to have more money, and their expenditures will be capital expenditures.

I do not know just what remedy the leader of the opposition had in mind for the practice to which he objects. I understood him to say that the bill should have come down earlier, and that a definite amount should have been asked for, in anticipation of what the deficit might be.

Hon. Mr. HAIG: It was not a suggestion to limit the amount. What I proposed was that the bill should be brought down earlier, and that we should have a proper investigation of the whole problem. At this stage of the session any such inquiry is impossible.

Hon. Mr. EULER: As regards the opportunity of obtaining information, I am inclined to agree with my honourable friend. There is of course the added benefit which would accrue at any time in the session, if you had an exhaustive investigation—that if the officials of the road knew that they were going to be asked this, that and the other, they would be pretty careful in administering the funds of the railway.

Hon. Mr. HAIG: Certainly.

Hon. Mr. EULER: At the same time I think it would be difficult for anyone, especially of recent years, to point to any instance of wastefulness in the management of the Caandian National Railways. I believe that as a board they have done a very good job, and there has been very little criticism of them, either in the other place or in this.

That is all I wish to say. It was merely from a desire to offer more or less of a defence of the Canadian National Railways, and to point out that it is difficult for them to make things go, and it may be more difficult if there is a recession in business. My honourable friend opposite suggested that the management should, at the beginning of the session, review their requirements and make an estimate of what they need. That of itself is a difficult thing to do. And he says that once they make that estimate, and we vote that much, they ought to make things go with that amount of money.

Hon. Mr. HAIG: That is what we do with any other enterprise.

Hon. Mr. EULER: That is a pretty difficult thing to do in the railway business.

Hon. Mr. HAIG: This estimate has been down in the House of Commons since April 1.

Hon. Mr. EULER: I shall tell my honourable friend just what would happen. They would naturally make an estimate so generous that expenditures would be greater than necessary. They would play safe.

Hon. Mr. QUINN: The honourable senator from Waterloo (Hon. Mr. Euler) has dwelt on the contribution that central Canada has made to the West under the Crowsnest agreement, and to the East because of the Maritime Freight Rates. This contribution is offset by the canal system which serves the two central provinces and is maintained by the people of Canada.

Hon. Mr. EULER: That may be correct.

Hon. Mr. QUINN: So we are pretty well square on that score.

Hon. Mr. EULER: On the St. Lawrence canal system no charges are levied on either Canadian or American shipments.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TRANSPORT BOARD (CHIEF COMMISSIONER) BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 347, an Act to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

He said: Honourable senators, this bill was made necessary by the expected retirement of the present chairman of the Board of Transport Commissioners, and the prospective appointment of Mr. Justice Archibald of the Nova Scotia Supreme Court as his successor. The work of the Board of Transport Commissioners will be important for some time to come, especially as the question of equalization of the freight rate structure throughout Canada has been referred to that body.

It is considered that Mr. Justice Archibald is extremely well qualified for the position of chairman. But without the passage of this bill, his acceptance of the appointment would not be possible, because it would mean too heavy a financial sacrifice as well as loss of security on his part. As a Justice of the Supreme Court of Nova Scotia he enjoys life tenure as well as valuable pension privileges. As chairman of the Board of Transport Commissioners, his term of office would be for only ten years, and he would lose his pension rights as a judge. The bill proposes to resolve this difficulty by appointing a judge of the Exchequer Court to the office of Chief Commissioner. He will receive a salary of $15,000 for his dual position, but will devote his full time to the work of the board. The number of Exchequer Court judges will be increased by one.

The terms of his appointment will enable Mr. Justice Archibald to retain his pension rights as a judge. However, his tenure of office will be shortened, for though he could hold his office for life in his present position, as an Exchequer Court judge he will be obliged to retire upon reaching the age of seventy-five. The office of Chief Commissioner is almost wholly a judicial position, and the passage of this bill will enable the country to avail itself of his outstanding talents. At the conclusion of his ten-year term as chairman of the Board of Transport Commissioners, Mr. Justice Archibald will be available either for re-appointment or for service solely as a judge of the Exchequer Court. In future the fact that the chairman of the board is a judge of the Exchequer Court will probably make the position of chairman more attractive to persons of high judicial ability than it otherwise would be.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

Hon. ANTOINE J. LEGER: Honourable senators, I do not know why it is necessary to change subsection (2) of section 10 of the Railway Act in order to accomplish what the honourable leader has suggested. This subsection, which I feel is broad enough, provides that:

> Any person may be appointed Chief Commissioner who is or has been a judge of a superior court of Canada or of any province of Canada, or who is a barrister—

and so forth. Mr. Archibald is a judge, and surely he is a barrister.

The proposed amendment means that the position must be held by a judge of the Exchequer Court. At the present time a qualified man is ready to take the job, but we do not know what may happen in the

future. There may be reasons for changing subsection 2, but I think it is all right as it now stands. I have no objection to the bill; I simply wish to draw to the attention of this house the fact that the list of eligible persons for this position will be made smaller.

Hon. Mr. MURDOCK: Question!

Hon. Mr. ROBERTSON: I do not know that I am in a position to answer my honourable friend from L'Acadie (Hon. Mr. Leger), but I would assume that the remuneration of an Exchequer Court judge would be greater than that of a judge of any ordinary court in Nova Scotia.

Hon. Mr. LEGER: I am not objecting to the increase in salary. Subsection (2) as it now stands reads as follows:

> Any person may be appointed Chief Commissioner who is or has been a judge of a superior court of Canada or of any province of Canada, or who is a barrister or advocate of at least ten years' standing at the bar of any such province.

Mr. Justice Archibald would come under this provision, so I do not see why it is necessary to narrow it.

Hon. Mr. MURDOCK: The explanatory note reads as follows:

> The purpose of the amendment is to require that the office of Chief Commissioner shall be held by a judge of the Exchequer Court.

Hon. Mr. LEGER: I understand the explanatory note; but I do not like it. As the subsection now stands there is a large field from which to choose, but in future, instead of being able to appoint a Chief Commissioner from all the judges and barristers in Canada, the selection will be limited to a judge of the Exchequer Court. This will result in only five men being eligible to hold this office.

Hon. Mr. MURDOCK: Never before has it been a requisite that the Chief Commissioner of the Railway Commission be a judge.

Hon. Mr. ROBERTSON: Honourable senators, as my honourable friend from L'Acadie (Hon. Mr. Leger) has said, the panel from which the Chief Commissioner can be drawn is limited.

Hon Mr. MURDOCK: If you will pardon me for speaking again, I would call attention to the language of the present Act, which is set out in the explanatory note.

Hon. Mr. QUINN: We know that.

Hon. Mr. MURDOCK: This is how it reads:

> Any person may be appointed Chief Commissioner who is or has been a judge of a superior court of Canada or of any province of Canada, or who is a barrister or advocate of at least ten years' standing at the bar of any such province.

Then the note states:

> The purpose of the amendment is to require that the office of Chief Commissioner shall be held by a judge of the Exchequer Court.

Hon. Mr. HAIG: In other words, the choice is limited to five persons.

Hon. Mr. LEGER: That is what I am objecting to.

Hon. Mr. HAIG: But those five are judges. Apparently the government desires to make lawyers ineligible.

Hon. Mr. LEGER: I do not like that.

Hon. Mr. HAIG: Honourable senators, I think I see some reasons for the government's proposal. On looking back over the record, it would be found that several of the former outstanding chairmen of the board were eminent judges. For example, I very well remember when Mr. Justice Mabee was chairman. Then there was Mr. Justice Killam.

Hon. Mr. COPP: Mr. Justice McKeown was another able chairman.

Hon. Mr. HAIG: Yes. Their court experience was useful to them on the board. But you could not get a judge to accept the position now unless he was retired and in receipt of a pension, or was willing to risk being retired without pension after serving on the board for ten years. I have had the great pleasure of meeting Mr. Justice Archibald, though I did not discuss this matter with him. I doubt if any judge in my province would have taken the position unless his pension rights had been protected. A few years ago a Manitoba judge was made an ambassador, but he remained on the Bench until a special statute granted him superannuation privileges. Some years earlier the late Mr. Justice Fullerton, another of our able judges, agreed to become Chairman of the board on condition that parliament would pass an Act authorizing payment of his judicial pension after the expiry of his term as Chief Commissioner.

Hon. Mr. QUINN: And the full period of his service on the board was counted for pension purposes.

Hon. Mr. HAIG: Yes.

I think the appointment of a judge under the provisions of this bill is a forward step. It may be asked why none but Exchequer Court judges are to be eligible for appointment. I doubt if a superior court judge could be spared from any of the provinces at present. On the Court of King's Bench in Manitoba, for instance, there are six judges,

and all are needed. If one was borrowed for the Transport Board an additional judge would have to be appointed to that Bench. In Ontario and Quebec it is said that there are not enough judges to handle all the existing legislation. While I agree with my honourable friend from L'Acadie that if this bill is passed we may run into difficulty, I think it is better to take that chance and to make a further amendment of the Act later on, if necessary, than to keep the field of possible appointees as wide as it is at present. Therefore I personally support the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until Monday, June 21, at 8 p.m.

Appendix

Canadian National Railways System

Additions and Betterments Budget—Year 1948

Expenditures Less Retirements Applicable to Capital Account

—	Atlantic Region	Central Region	Western Region	Grand Trunk Western Lines	Central Vermont Railway	Other	Total
	$	$	$	$	$	$	$
Additions and Betterments—							
Rails and fastenings	110,534	813,178	661,002	216,700	7,038	.....	1,808,452
Tie plates and rail anchors	218,626	597,982	488,320	131,000	42,337	.....	1,478,265
Ballast	366,170	276,750	138,400	239,200	65,895	.....	1,086,415
Widening cuts and fills	212,572	.....	72,900	.....	4,750	.....	290,222
Rip-rap, retaining walls and crib-work	7,850	5,700	94,525	.....	.....	.....	108,075
Ditching, drainage and sewers	4,583	6,563	15,720	4,500	.....	.....	31,366
Yard tracks and sidings	126,080	953,380	301,512	246,200	.....	.....	1,627,172
Roadway machines	60,720	119,515	96,125	57,500	6,050	.....	339,910
Bridges, trestles and culverts	137,192	525,999	601,050	211,500	36,919	.....	1,512,660
Tunnels	.....	6,450	120,760	.....	.....	.....	127,210
Highway and crossing protection	10,000	258,152	43,812	139,400	.....	.....	451,364
Montreal office building	.....	2,500,000	.....	.....	.....	.....	2,500,000
Stations and station facilities	75,631	1,096,999	1,123,205	301,810	20,296	.....	2,617,941
Water supplies	4,700	121,309	86,832	22,116	27,486	.....	262,443
Fuel stations	.....	132,281	77,301	25,000	8,949	.....	243,531
Shops, enginehouses and machinery	377,786	2,286,713	520,410	291,547	31,230	.....	3,507,686
Docks and wharves	36,320	49,360	10,090	267,600	.....	.....	363,370
Grain elevators	.....	75,000	.....	.....	.....	.....	75,000
Signals and interlockers	Cr. 639	123,408	161,908	6,000	.....	.....	290,677
Telegraphs—railway	.....	.....	.....	.....	.....	500,000	500,000
Telegraphs—commercial	.....	.....	.....	.....	.....	2,000,000	2,000,000
Land	5,000	20,000	6,235	.....	.....	.....	31,235
General additions and betterments and contingencies	156,540	Cr. 61,319	Cr. 192,432	140,000	36,740	Cr. 434,830	Cr. 355,301
Express and miscellaneous equipment	.....	9,260	454,410	23,400	2,100	357,770	846,940
Subsidiary companies	.....	.....	.....	.....	.....	1,376,503	1,376,503
Hotels	.....	.....	.....	.....	.....	165,650	165,650
Additions and betterments to equipment	.....	.....	.....	1,361,404	96,880	3,240,595	4,698,879
Equipment retirements	.....	.....	.....	.....	.....	Cr.2,735,665	Cr.2,735,665
Total Estimated Additions and Betterments	1,909,665	9,916,680	4,882,085	3,684,877	386,670	4,470,023	25,250,000
Less: Portion of projects included in the above requirements which will not be physically completed by December 31, 1948	.....	.....	.....	.....	.....	.....	5,000,000
Net Estimated Additions and Betterments	.....	.....	.....	.....	.....	.....	20,250,000

THE SENATE

Monday, June 21, 1948.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION BILL

FIRST READING

A message was received from the House of Commons with Bill 195, an Act to provide for the Investigation, Conciliation and Settlement of Industrial Disputes.

The bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: To expedite the business of the house I would ask that, following the disposition of the other items on the Order Paper, this bill be given second reading tonight.

DIPLOMATIC SERVICE (SPECIAL) SUPERANNUATION BILL

FIRST READING

A message was received from the House of Commons with Bill 349, an Act to amend the Diplomatic Service (Special) Superannuation Act.

The bill was read the first time.

SALARIES BILL

FIRST READING

A message was received from the House of Commons with Bill 365, an Act to amend the Salaries Act.

The bill was read the first time.

The Hon. the SPEAKER: When shall the bill be read the second time?

Hon. Mr. ROBERTSON: Next sitting.

LORD'S DAY BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill 344, an Act to amend the Lord's Day Act.

He said: Honourable senators, this bill consists of two short sections. The first provides that leave to prosecute under the Lord's Day Act may be granted by the Deputy Attorney-General of the province, as well as by the Attorney-General. This amendment, which was requested by the Government of Quebec, will enable the Attorney-General to delegate this responsibility to his deputy.

The second provision of the bill repeals the old pre-Confederation statutes respecting the Lord's Day now in force in the province of Ontario. This change is made at the request of the Attorney-General of the Province of Ontario, and will place Ontario in the same position as other provinces under the federal Lord's Day Act, which contains all the important prohibitions included in the pre-Confederation statutes now being repealed.

The motion was agreed to, and the bill was read the second time.

REVISED STATUTES OF CANADA BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 348, an Act respecting The Revised Statutes of Canada.

He said: Honourable senators, the purpose of this bill is to establish a statute revision commission, to consist of the Minister of Justice, the Solicitor General, and five commissioners appointed by the Governor in Council. Previous consolidations of the statutes were made in 1886, 1906 and 1927, and it is felt that there should be an early start on the task of once again bringing the statutes up to date.

The procedure to be followed will be the same as on previous occasions, and the terms of this bill are substantially the same as those of previous measures for the same purpose. The bill sets out the extent of the authority granted to the commission to alter the statutes. This is to ensure that only improvements in drafting are made and that no changes of substance—which should be made only by parliament—are introduced.

The commission is authorized to engage such professional and other assistance as it deems necessary, at remuneration to be fixed by the Governor in Council. Civil servants also, with the approval of the minister, may be employed to assist the commission and may be paid for their services.

Hon. JOHN T. HAIG: I am very glad that this bill has been introduced. As a member of the legal profession, I have found great difficulty in tracing changes in the statutes in order to ascertain the existing state of the law. It is necessary to have on one's shelves all the federal statutes from 1927 to date, and to hunt through them all to see what amendments have been made. Sometimes the subject inquired into is not very important; nevertheless, the necessary research is quite a task

For some time it has been the practice to revise the provincial statutes of Manitoba every ten years. It is now twenty-one years since the last revision of the Dominion statutes, and I am very glad that this work is being undertaken.

The motion was agreed to, and the bill was read the second time.

INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 195, an Act to provide for the Investigation, Conciliation and Settlement of Industrial Disputes.

He said: I have asked the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to explain this bill.

Hon. Mr. HAIG: Have we the bill?

Hon. Mr. ROBERTSON: The bill, with some explanatory notes and additions, is here.

Hon. ARTHUR W. ROEBUCK: Honourable senators, this is an important piece of legislation: not that it breaks new ground, but that it affects so many people in such a vital way; not that there is anything particularly new about it, although there are some new sections, but because it is the culmination of a very long experience in industrial relations and the climax of much thought and considerable wisdom in these matters.

The bill directly affects only those industries under dominion jurisdiction. Parliament in this matter, as in all others, is confined to those subjects placed under dominion control by section 91 of the British North America Act. Accordingly, the direct application of the bill is to such industries as shipping and railways—which employ large numbers of people—and to aeronautics and the other industries mentioned.

Hon. Mr. HAIG: Will the honourable senator permit a question at this point? Is there provision whereby a province may adopt and apply the Act to all of its industries.

Hon. Mr. ROEBUCK: Oh, yes. I shall come to the answer to that question immediately. I estimate that the number of employees who would be directly affected by the Act is approximately 300,000. The minister has authority to enter into an agreement with the government of any province to administer legislation of that province which is substantially uniform with this measure, and to pay the cost of administration. That is to say, if a province passes an Act which is substantially the same as this Act, or if it does what I understand Ontario has done, and adopts the act as set out here, then the two governments may agree that the provincial Act be administered by the Minister of Labour of Canada, and the cost of administration will be paid out of the Consolidated Revenue Fund of the dominion.

This is by no means an empty gesture, as the province of Ontario has already passed legislation of the kind, which will come into force upon proclamation, after the passing of this Act. The province of Alberta has already adopted its provisions for application to the disputes in its coal mining industry. A province may apply the terms of this Act to its industry either in whole or in part.

It is hoped that, as a result of the development which I think will follow, we may achieve something in the way of uniform labour legislation in all jurisdictions throughout Canada. The importance of this may be judged by the fact that approximately a million and a half employees might be affected by these provisions. On the books of the Unemployment Insurance Commission there are enrolled more than one and a half million employees; and some 700,000 Canadian men and women belong to labour unions. So in legislation of this kind we are touching matters of great import to business, to finance, and, above all, to human relations.

This measure, as I have said, is the result of a very long experience, stemming from the organization of the Department of Labour and the passing of the Conciliation Act, away back in 1907—more than forty years ago—and as well the so-called Lemieux Act, which is the present Industrial Disputes Investigation Act. And of course we had wonderful experience during the recent war, when there was great necessity that industry be kept going so that production be maintained and indeed increased. Old ideas went by the board, and thus we had the Wartime Labour Regulations, which, as honourable senators know, were enacted by P.C. 1003. The present bill is largely a re-enactment of those regulations, which it repeals along with the Industrial Disputes Investigation Act.

The mature experience out of which this bill arises might be classified under a number of headings. For instance, there have been the Labour Department's efforts over the years to conciliate in labour relations, both before disputes arise and while they are in progress. That branch of the civil service devoted to this work has, over the years, gained much knowledge of men and conditions and of how to bring about harmony and co-operation between labour and management to the bene-

fit of each and of the public as well. Also, there has been the experience gained in the administration of the Industrial Disputes Investigation Act. Next, there was the very valuable experience under the Wartime Labour Regulations. And, finally, we have been able to profit from the experience of other countries, particularly the United States and Great Britain. Some of the regrettable experiences of the United States have been as good teachers as their happy experiences.

The general purpose of this bill, which incorporates this vast experience, is to substitute reason for force in the industrial struggle. It is to resolve the clash of conflicting interests by mutual concessions, to promote understanding by discussion and negotiation, and thus to achieve co-operation where interests coincide rather than destructive action where they diverge. In short, the purpose is to replace industrial warfare by harmony, co-operation and good will. This object is good, and, in my judgment, the methods adopted to achieve it are admirable.

Honourable members will observe that the bill is in two parts, the first part running from sections 1 to 52, and the second part from sections 53 to 74. Generally speaking, the first part defines and prohibits what are designated unfair labour practices. Let me point out the effort which is obvious in the bill, to make the measure fair as between employer and employee. One cannot read the bill without being impressed with the endeavour to hold the balance even. There has been no time when a bill such as this could have been brought forward more advantageously than at present. We have enjoyed a considerable period of comparative prosperity. Our labour force has been kept at fairly full employment and at reasonably good wages; at the same time employers, notwithstanding some complaints as to high wages, have been doing very well. The result is that the parties are happy. In my judgment there are not today the antagonism and anger which, as honourable members will remember, prevailed in days gone by when the stress and strain of living were greater than now, when unemployment and poverty were common. This is the time, if there ever was one, for a thoughtful, kindly and co-operative spirit in considering legislation of this kind.

Part I of the bill provides for certification of unions and of employers' organizations as bargaining agents. It also provides for the negotiation of collective agreements, and for the enforcing of agreements and of the Act.

Part II states the application of the Act, to which I have already referred, and provides for a representative Labour Relations Board, such as was found necessary during the war.

I turn first to the definitions in section 2. "Collective bargaining" is defined in paragraph (e). Under the present regulations persons selected by the union or elected by a majority of the employees are named as the bargaining agents for the union. It is now intended that the union itself be the bargaining agent, which will act in the ordinary way through the officers of the union. Responsibility will rest with the union itself and the membership will have some method of enforcing its will on the men who represent it.

Hon. Mr. EULER: Does that mean the local union or the controlling body?

Hon. Mr. ROEBUCK: It is the union named as the bargining agent for the unit. The Labour Relations Board defines what it calls a bargaining unit, which may be a single factory, a nation-wide industry, an operation confined to one province, or a unit of some other description. The union named as the bargaining agent must have in its membership more than fifty per cent of the employees of that unit. It is therefore a particular group of employees.

Hon. Mr. DAVIES: Or is it an international union with headquarters in the United States?

Hon. Mr. ROEBUCK: The international union would have nothing to do with it, except perhaps to discuss a matter with the members in a particular district. The local officers of a particular unit of employees would be the bargaining agents. That is as it has operated in the past, and I have no doubt it will continue in the future. I may add that this democratic system is approved by both employer and employee organizations. It makes for greater responsibility and flexibility, and I hope will abolish some of the abuses under the old system.

Paragraph (d) of subsection 1 of section 2 has to do with "collective agreements". In Ontario, the law respecting collective agreements is not enforceable as such, but the effect of this measure is that the employer incorporates the terms of the collective agreement by implication, if not directly, in his agreement with the employee, and therefore the collective agreement becomes enforceable by the employee against the employer individually and by the employer against the employee individually.

Paragraph (e) defines "collective bargaining," and should be read together with sections 14 (a) and 15 (a,) where it is provided that the parties, when required to negotiate, "shall make every reasonable effort to conclude an agreement."

Paragraph (i) defines "employees." When the bill reaches committee there may be some discussion as to this paragraph because those excluded from the application of the Act are not within the definition of "employees". All persons exercising any managerial function are excluded, irrespective of their title. All superintendents, foremen and others exercising managerial functions are not "employees" as defined by the bill. Also excluded from the definition of "employee" are those employed in a confidential capacity in matters relating to labour relations. Under the present regulations, persons employed in all kinds of confidential work are excluded from collective bargaining. The bill limits the exclusion to those employed confidentially in matters relating to labour relations. Finally, there is the exclusion of members of the professions, such as law, medicine and engineering. Considerable effort has been made by employed engineers to have themselves included under this measure. They are excluded at the moment because the profession is divided within itself, and because the organized part of the profession stands against it. The problem will solve itself in the course of time, I hope, and employed engineers will be included and will enjoy the benefits under this legislation.

Section 3 of the bill declares the right of both employees and employers to become members of their respective organizations and to participate in the activities thereof.

Section 4 makes it illegal for an employer to interfere in the formation or administration of a trade union, or to contribute financially or otherwise to the union's support. It makes, however, three very important exceptions. The first is to permit the employee to attend to union business during working hours; the second, to permit the employer to furnish the employee with free transportation when engaged on what is really the joint business of the two parties, but which may be primarily the union's business. For many years railroad companies have provided free transportation to members of the negotiating and organizing committees of their unions. The third exception allows a union, of course with the consent of the employer, to use the premises of the employer for union purposes. Apart from those exceptions, the employer must not participate in or interfere with either the organization or the maintenance of the union: it must not contribute to the union's support, and certainly it must not dominate the union.

Subsection 2 of section 4 prohibits discrimination by an employer against members of a union either in hiring or in tenure of employment; paragraph (b) prohibits what is sometimes picturesquely referred to as a "yellow dog" agreement, that is to say an undertaking in the hiring agreement by the employee not to belong to a union. The employee should be free to belong to a union if he wants to.

Subsection 3 prohibits an employer from intimidating an employee to prevent him from becoming, or to compel him to cease to be, a member, officer or representative of a trade union; and it prohibits any other person from compelling an employee to become, or to refrain from becoming, or to cease to be, a member of a trade union. Undoubtedly what is desired is the greatest possible freedom in these matters.

Subsection 4 saves the right of the employer to terminate, for proper and sufficient cause, the services of an employee.

Section 5 protects the employer from attempts by labour to organize the employer's staff in his time and on his premises. Unless with the consent of the employer, such activities constitute an offence under this act.

Section 7 provides for collective bargaining. If a union has over 50 per cent of its members in good standing—which means that they have paid their dues—it can be certified as the bargaining agent of the employees in the unit. Under P.C. 1003 certification was permitted if the union could produce documents which were declared by it to be authorizations of 50 per cent of the employees within the unit. That method was subject to abuse, and has been found unsatisfactory. It was too easy to gather up these little pieces of paper. So, under this bill a majority of the employees must be union members in good standing; and it is the duty of the board which grants certification to assure itself that such is the fact.

Section 9 deals with certification. The Labour Relations Board has authority to define appropriate bargaining units and to certify a union as the bargaining agent. You may notice the sting in the tail of that particular section; no union influenced by an employer to the point that its fitness for bargaining is impaired, or that is dominated by an employer, shall be certified as a bargaining agent of employees. Where there are competing unions, there are provisions for taking a secret vote of the employees to decide which organization they desire to present their case and represent them in bargaining negotiations.

A new provision gives the board the right to cancel a certification when it becomes convinced that the bargaining agent no longer properly represents the employees of the

union. In that event the usual procedure for the appointing of another agent would be followed.

While the certification continues valid, that is before it is cancelled or expires, the union has exclusive authority to bargain collectively on behalf of the employees of the unit and, what is most important, to bind the employees by its agreement. Those who have had experience in the running of business will recognize the great advantage to an employer of knowing with certainty with whom he is to deal. It is of equal value to the employee to know who his representatives are and to understand the very text of the agreement by which he is bound.

In the interests of finality, as soon as the bargaining agreement has actually been certified there is read into every such agreement—unless it is put there by the drafters—a clause providing for arbitration of all differences arising out of the agreement, its interpretation and its administration during its term.

Hon. Mr. EULER: I take it that there is no provision for the closed shop; but there may be a union in a shop and also employees who do not belong to the union. Are these employees still at liberty to make a separate contract with the employers?

Hon. Mr. ROEBUCK: No they are not. That would divide the two sections into warring groups.

Hon. Mr. EULER: That is, the non-union employees must accept the decision of the bargaining agent?

Hon. Mr. ROEBUCK: Yes. The bargaining agent is the representative of non-union employees as well as of union employees. The bargaining agent represents everyone within the unit.

Hon. Mr. EULER: Do those employees then have to adopt what is known as the Rand formula: that those who are not members of the union must contribute to the union?

Hon. Mr. ROEBUCK: Not at all. The Rand formula, which was developed in connection with the Ford strike, is based upon the fairly sound philosophy that all employees who gain benefit from the activities of a union should pay for it. There is no attempt in this bill, not even the slightest, to enter into that field of controversy. It was necessary to appoint a bargaining agent in order to have effective bargaining. The only way to appoint a bargaining agent is to select a representative who has the consent of at least 50 per cent of the employees.

Under the new Act, it is not difficult to get rid of a bargaining agent. Under the former Act the only way was to promote some other union within the shop. That meant a fight between the unions, and I suppose the best man would win. This was a bad provision, because the whole purpose and tenor of the Act is to bring about harmony and to abolish strikes to the extent that it is possible. If the members of a union or those outside of it can convince the board that these representatives are not properly representing them, and that they do not command the confidence of fifty per cent of the employees, it is the duty of the board to dispossess the representatives of their authority and to bring about a vote of everyone to establish who shall be the bargaining agent.

Hon. Mr. DAVIES: By fifty per cent do you mean a majority?

Hon. Mr. ROEBUCK: Yes.

Hon. Mr. DAVIES: Fifty-one per cent would be a majority.

Hon. Mr. ROEBUCK: Yes.

Hon. Mr. EULER: Could non-union men be members of the bargaining body?

Hon. Mr. ROEBUCK: I would not think so, because it is the union that is the responsible element in the bargaining certification.

Hon. Mr. EULER: And they are governed by the decision of the bargaining body although they are not members of it?

Hon. Mr. ROEBUCK: That is right. But if they could show the board that they were not allowed to be members, or that there was something improper about the union, I think it would be the duty of the board to exercise its discretion.

Hon. Mr. HAIG: Suppose the union had fifty-one per cent of the membership, but a dispute arose and the board was not sure whether the union had a majority of not, could a vote of the whole plant be taken to see if it had authority?

Hon. Mr. ROEBUCK: The vote is of the whole plant. When a vote is taken it is a vote by everybody.

Hon. Mr. HORNER: What would be the procedure if fifty-one per cent or more were non-union members?

Hon. Mr. ROEBUCK: Then the union could not get certification. If there was no union commanding fifty per cent of all the employees, and there was a desire on the part of the employees to become certified, I have no doubt that the board could make some

arrangement to meet that very unusual situation.

These collective agreements have a minimum term of one year, so that they never become a permanent matter nor yet do they rapidly disappear. They must last at least one year, except when the board consents to earlier termination or, under section 10, a new agent has been appointed. In this case the new agent can give two months' notice of termination.

Sections 12 to 15 set out the obligation of the parties to negotiate or bargain, and also set out the procedure. As I have already quoted, it is set out in the most emphatic terms that:

> They shall make every reasonable effort to conclude a collective agreement.

The employer must not decrease wages or alter the terms and conditions of employment, and the union must not strike until (1) an agreement has been concluded, (2) a conciliation board has reported and seven days have elapsed since the making of its report, or the minister has advised the parties that it is his intention not to appoint a conciliation board.

Hon. Mr. EULER: What happens if they go on strike?

Hon. Mr. ROEBUCK: Then it comes under offences. I shall take that up in a few moments. There are penalties, and although they are not excessive they are steep enough to hurt. Anyway, the great bulk of our employees and employers are desirous of obeying the law, although sometimes when tempers are frayed both sides will go to regrettable lengths. In the main, Canadian employers and employees are law-abiding, decent, respectable people.

Either party may at any time request the services of a conciliation officer. His appointment, as was the case before, is in the discretion of the minister, and the minister may also act on his own initiative.

It is rather interesting to add up, as was done in the Industrial Relations Committee of the other house, just how long it takes between the initiation of bargaining and the final conclusion of the process at the point where the parties may declare a lockout or go on strike. This is the cooling off period. Between notice to negotiate given by one party to the other and the commencement of bargaining there may be a maximum of twenty days; for collective bargaining, seven days; for the conciliation officer to report, fourteen days; for the appointment of a conciliation board after a report of the conciliation officer, twelve days; for the conciliation board to report, fourteen days; and, after the board has reported, a period of seven days. In other words, this process of negotiation may be extended to a period of seventy-four days between the notice to negotiate and the final liberty to strike or lock out. That is a pretty good cooling-off period. I suppose that in some circumstances employees will get rather hungry during that period and employers will become very impatient of their offensive and defensive rights. But in the main, time is a great element in the settling of disputes. Time softens anger and dissipates animosities; and as the days pass and people blow off steam they become tired of discussion and finally reach an agreement.

Where the conciliation officer fails, the minister has it in his discretion to appoint a board of conciliation. The minister's discretion has been increased by this bill. The chief purpose of the bill is to avoid the loss inseparable from industrial warfare, so strikes and lockouts are prohibited during the entire term of the agreement as well as during the negotiation of the agreement. And where the parties themselves agree to open up some term and to renegotiate it, the whole paraphernalia of negotiation must be run through again before offensive action can be taken by either party.

It is well to know that section 26 preserves the right of the individual employee to discuss and negotiate with his employer, whether in the presence of union representatives or not. In other words, he may, if he wishes, be his own grievance committee.

Conciliation boards consist of three members, two of whom are nominated by the parties, and the two nominees choose the third, who becomes the chairman of the board. There are time limits on each one of the moves that I have mentioned. Under this Act the procedure and the powers of the conciliation boards are almost identical with those under the Industrial Disputes Investigation Act and the more recent legislation, P.C. 1003. Those provisions are so well known, so definitely established and so workable, and have been the subject of so little controversy, that I feel I need not spend time in going over their details. I suppose that at one time or another most of us have been members of conciliation boards. It is a rather delightful experience to sit and listen to employees and employers state in the presence of one another their respective sides of the dispute, and to watch them gradually come toegther, as they usually do, and to see discussion bring harmony where before there was anger, animosity and lack of co-operation. There is nothing like the spotlight, open investigation and free discussion to resolve industrial disagreements.

Someone asked me about penalties for violation of the statute. The penalties are not excessive. For instance, section 39 fixes a maximum of $5 per employee per day or $250 per day, whichever is the lesser, for the employer who alters wages or conditions of employment before the procedure of negotiation is completed. That fine is by the day and of course may be lessened, for the maximum penalty is not imperative.

Hon. Mr. LEGER: And the judge might fine an employer just for one day.

Hon. Mr. ROEBUCK: Yes. The idea is not to terrorize anybody, but to make people do what they ought to do in order to bring about harmony.

Section 4 prohibits an employer from interfering in the formation or administration of a trade union and from contributing to its funds. On the other hand, by section 5 a union is forbidden to organize during working hours on the employer's premises. The maximum penalty for infraction of these sections is $100 for an individual and $1,000 for a corporation, employer's organization or union. The employer may be ordered to pay back-wages to employees improperly laid off. Non-compliance with a court or board order could result in a penalty of $50 a day, which I suggest is a modest sum in the light of what happened not long ago to one John L. Lewis for disobeying an order of a similar character. An illegal lockout is priced at $250 per day to the employer, and an illegal strike at $150 per day to the union. These penalties, while they could not be laughed off by an employer or a union, are not heavy enough to ruin either party.

Where no other penalty is provided for doing something that is prohibited or not doing something that is required, the fine is $100 if an individual is at fault, and $500 if a corporation, union or employer's organization is held responsible. So far as I can see, there are no provisions for jail sentences. Complaints of failure to negotiate may be dealt with by an order of the board requiring compliance. When one party to a dispute complains about the other, all may be called before the board and told what to do. And I have no doubt that in the great majority of cases they obey the order.

Prosecutions can be instituted only with the consent of the Minister of Labour. During the war, due largely to the burden of work upon the minister, this duty was performed by the board. A prosecution with which I am somewhat familiar took place recently with the board's consent. With the passing of those hectic times of war, the authority to give consent to prosecute goes into the hands where it normally belongs, those of the Minister of Labour. It would be bad policy in connection with industrial relations to allow anybody, whether employer or employee, to lay charges against anyone without first obtaining consent. Under this bill the minister has authority to withhold his consent and to attempt to bring about some adjustment of the dispute, which is the better way to proceed.

Section 44 of the bill gives the minister the right to appoint industrial inquiry commissioners, as he has been doing under P.C. 1003. Commissioners so appointed are empowered to investigate and report concerning complaints as to violation of industrial labour regulations. Most complaints have been found to be capable of adjustment. As I said previously, the bill is remedial and is designed to prevent rows and to resolve industrial disputes without stoppages of work.

Part II of the bill has to do with the application and administration of the measure, to which I referred in my opening remarks. I should perhaps add that employees of Crown companies are included in the bill, the reason being the difficulty in defining the two classes of Crown companies. There are those companies normally doing government business, and also those engaged in industrial, commercial or business operations. It is desirable that those engaged in business should be subject to this legislation, while those who are merely substituting for civil employees should not be included: it is therefore left to be determined by order in council who shall and who shall not be included. I need not tell honourable senators that civil servants of His Majesty in the right of the Dominion of Canada are excluded from the provisions, for the good reason that strikes and lockouts are methods which should not be adopted by civil servants. Special provision has been made for conciliation among civil servants, for the hearing and, I hope, the solving of just grievances. Moreover, if properly understood, the Government of Canada, the employer, is a judicial institution and should hold the balance as between the employee and the Crown.

Hon. Mr. DAVIES: I notice that the Act applies to employees in industries which are within the legislative authority of parliament to regulate, and that these include radio broadcasting stations. Do radio broadcasting stations come under this Act because private stations pay a licence to the government?

Hon. Mr. ROEBUCK: It is my opinion that not only C.B.C., but all radio broadcasting

stations are included. The British North America Act gives property and civil rights to the provinces, so that one would imagine an agreement between a railway company and its employees would be as much a matter of property and civil rights as an agreement between a farmer and his hired man. It is so understood by lawyers. But the British North America Act gives to the Dominion jurisdiction over the business of railways, aeronautics—to which my friend has referred—shipping and several other things. The relationship of employer and employee has been ruled by the Privy Council to be incidental to the control of these undertakings and therefore to be within the jurisdiction of the Dominion Government. In a special case before the Privy Council, radio broadcasting was held to be within federal jurisdiction, whether carried on by government agencies or by private companies. Employees of private stations would therefore be included within the provisions of this measure.

Hon. Mr. EULER: I think I understood my friend to say that Crown-operated companies would come under this legislation. Does that apply to businesses owned or operated by a provincial government?

Hon. Mr. ROEBUCK: No. It refers only to Crown companies incorporated by federal action. During the war the provincial governments had some activities carried on by Crown companies, but these companies would not be regarded as being within the Dominion jurisdiction.

I hope that the power of the minister under this legislation to appoint industrial inquiry commissioners, and do what to him seems wise, may be useful in avoiding industrial strife. One method is the promotion of employee-management committees in industry. There are many other ways in which a minister who is well informed, and has the staff and will do it, can bring about harmony and good will between the parties, and settle troublesome matters in advance of controversy.

This provision gives no new authority, and I should emphasize that the minister is given no extraordinary powers, such as to seize a plant or take other drastic action when the parties do not agree.

Section 58 sets up a Labour Relations Board. It is to consist of a chairman and eight members—four representatives of employers and four representatives of employees. Such a board functioned very well during the war as an instrument of industrial harmony. It may be of interest to note that up to March 31, 1947, the national board certified representatives in 278 cases, rejecting 61; and the provincial boards certified 3,625 cases, rejecting 574. Exact figures are not important, but the general figure is, as showing the extent to which this system of bargaining has permeated our industrial community. It is a great success.

The board is clothed with various powers. It defines the bargaining unit, which we have already discussed; it certifies the bargaining agents; it controls the grievance procedure, and arbitration. It also deals with complaints of failure to negotiate or otherwise to observe the provisions of the act. The powers of the board are set out in section 61; and I might observe that its decisions are not subject to review; that is to say, you cannot stop them by court order. The purpose is not to make the board an autocratic body, but to assure decisive action; to settle a question out of hand and have done with it, rather than engage in long arguments in courts and elsewhere.

Hon. Mr. HORNER: Part of this bill is copied from Saskatchewan labour legislation, is it not?

Hon. Mr. ROEBUCK: "Can any good thing come out of—" Saskatchewan?

Hon. Mr. HORNER: I do not like the part that came into this bill.

Hon. Mr. ROEBUCK: I do not know. If any portion of this bill came from the province of Saskatchewan, I would not deem it a virtue, and certainly I would not criticize it on that ground; but if it were copied by the good province of Saskatchewan, I would regard it is a compliment to those who drafted this legislation. Whether it comes from or goes to Saskatchewan makes very little difference. Saskatchewan has taken or is taking steps to make use of this legislation. I am not clear as to what has been done: perhaps the honourable senator from Blaine Lake (Hon. Mr. Horner) can tell us.

It may be well to mention something which is not in this bill. An attempt was made in the other place to incorporate a provision for what is known as the check-off system, whereby an employer deducts from the employee's wages his union dues and pays those dues to the union. It was sought to provide that the employer must do so, but that provision was deleted in committee. Many of you would agree to the committee's action, but I do not. I think the result of the provision would have been a degree of union security which would have worked out well in the end, besides relieving the unions of a good deal of bookkeeping which the employers might well have

done for them, and which, by the way, in a very large number of cases the employers are doing voluntarily. The number of such cases is very rapidly increasing, and perhaps it was not unwise to avoid the element of compulsion except where it is absolutely essential to bring about harmony.

Hon. Mr. LACASSE: Under this bill the check-off is not compulsory?

Hon. Mr. ROEBUCK: It is not, but the employer is at liberty to do it if he wishes.

There is another provision which, I am glad to say, has been deleted. As originally framed, the bill put a ban on lawyers; and I would not have voted for that provision. I believe that the members of the profession, to which I am proud to belong, have a place to fill in matters of public concern. To deny an employer or a union the right to send a lawyer to a hearing before the board would have been unnecessary and unwise, as well as, in my opinion, an insult to the legal profession. That section was knocked out by an overwhelming vote.

I have not covered all the details of the bill, but I have tried to deal with the important sections, and I hope I have made the picture clear enough to, at least, demonstrate the objects which it is sought to attain. They are, as I said in my opening remarks, the substitution of reason, good will, common sense and co-operation for ill-will, antagonism, anger and hate, and lack of co-operation in industrial matters.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on immigration and Labour.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 22, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

CIVIL SERVICE COMMISSION REPORTS—REFERRED TO COMMITTEE

The Hon. the SPEAKER: Honourable senators, further reports have been received from the Civil Service Commission with respect to salaries of civil servants. When shall the report be taken into consideration?

Hon. Mr. LAMBERT: Honourable senators, I move that these reports be referred to the Standing Committee on Internal Economy and Contingent Accounts.

The motion was agreed to.

VETERANS' REHABILITATION BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 200, an Act to amend the Veterans' Rehabilitation Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 17, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

WAR VETERANS' ALLOWANCE BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 196, an Act to amend The War Veterans' Allowance Act, 1946.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 17, 1948, examined the said bill, and now beg to report the same with very minor amendments.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, line 17: After the second "and" insert "which for the purpose of this act shall be".

2. Page 3, line 5: Before "persons" insert "a".

The Hon. the SPEAKER: When shall the amendments be taken into consideration?

Hon. Mr. ROBERTSON moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall the bill, as amended, be read the third time?

Hon. Mr. ROBERTSON: I move that it be read the third time now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

VETERANS INSURANCE BILL

COMMONS AMENDMENTS—REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce, on the amendments made by the House of Commons to Bill G, an Act to amend The Veterans Insurance Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 17, 1948, considered the said amendments, and now beg leave to report the same without any amendment.

Hon. Mr. ROBERTSON moved concurrence in the amendments.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 346, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 17, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INDIAN ACT

REPORT OF JOINT COMMITTEE

Hon. Mr. TAYLOR presented the fourth report of the Joint Committee appointed to examine and consider the Indian Act.

Hon. Mr. SINCLAIR: Honourable senators, as this is a long report, I would suggest that it stand over until tomorrow, so that it may be printed.

The Hon. the SPEAKER: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. TAYLOR: I shall move concurrence in the report on Thursday next, when it will be in printed form.

The Hon. the SPEAKER: The report stands for consideration on Thursday next.

(*See Appendix at end of today's report.*)

STANDING COMMITTEE ON NATURAL RESOURCES

ADDITION TO PERSONNEL

Hon. Mr. ROBERTSON: Honourable senators, with leave of the Senate I would move:

That the name of the Honourable Senator Haig be added to the list of honourable senators serving on the Standing Committee on Natural Resources.

The honourable leader of the opposition is keenly interested in legislation which has a particular bearing on the province of Manitoba, and which will be before that committee tomorrow morning. He may wish to participate in the committee's deliberations more actively than a non-member of the committee would be entitled to do.

The motion was agreed to.

LORD'S DAY BILL

MOTION FOR THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 344, an Act to amend the Lord's Day Act.

Hon. ANTOINE J. LEGER: Honourable senators, I am entirely in accord with the principle of the bill, but I cannot say as much for its form. I should like to make a few remarks at this time and then leave it to the leader of the government (Hon. Mr. Robertson) or the leader of the opposition (Hon. Mr. Haig) to move that the bill be referred to committee of the whole house or to a standing committee.

I will state at once what changes I suggest. In the first place, I would repeal entirely section 15 of the Lord's Day Act. Secondly, I would strike out from line 17 of the bill the words, "in so far as the same is part of the law of Ontario"; and after "1859," in the last line, I would add: "in so far as the Parliament of Canada has authority so to do".

Section 15 of the Act has been and, if not repealed, will continue to be the cause of dispute as to which law is in force in any given province. When the Lord's Day Act was passed New Brunswick had pre-Confederation law, which our court declared to be repealed because of some provisions in the Lord's Day Act. The contrary view has been held in Ontario, and this bill has been introduced for the purpose of repealing the two statutes mentioned in section 2. As to the second of these statutes, an Act to Prevent the Profanation of the Lord's Day, I think there is no question at all that the Parliament of Canada has the right of repeal, for section 129 of the British North America Act reads as follows:

Except as otherwise provided by this Act, all laws in force in Canada, Nova Scotia, or New Brunswick at the Union, and all courts of civil and criminal jurisdiction, and all legal commissions, powers, and authoriites, and all officers, judicial, administrative, and ministerial, existing therein at the Union, shall continue in Ontario, Quebec, Nova Scotia, and New Brunswick respectively, as if the Union had not been made; subject nevertheless (except with respect to such as are enacted by or exist under Acts of the Parliament of Great Britain or of the Parliament of the United Kingdom of Great Britain and Ireland) to be repealed, abolished, or altered by the Parliament of Canada—

and so forth.

The first statute which section 2 of the bill seeks to repeal was passed by the Parliament of Great Britain, and under section 129 of the British North America Act it has been held valid and in force in the province of Ontario. If section 129 applies to criminal law as well as to civil law, it seems to me that the Parliament of Canada would have no right to repeal that statute. Because that statute has been made an exception under the British North America Act, we would be, as it were, powerless so far as repeal is concerned.

As to the second statute, without question we have the right of repeal. I would suggest that we strike out of line 17 the words: "in so far as the same is part of the law of Ontario". We know that the statute is part of the law of Ontario. That was decided around 1908. In my younger days I had something to do with the Lord's Day Act and I know that there is such a decision. I would not be bold enough to say that we have the right to repeal a statute over which we have no jurisdiction; therefore I suggest as a second amendment that in line 20, following the date "1859", we insert the words: "in so far as the Parliament of Canada has

authority so to do". Then, if we have the authority, the statute will be repealed; if we have not, we should not attempt to repeal it, for we have no jurisdiction.

Section 15 of the Lord's Day Act, which preserves the pre-confederation statutes, has been a source of nuisance through all the years that the Act has been in operation. The explanatory note, which I assert is correct, reads as follows:

The Lord's Day Act contains all the important prohibitions contained in these pre-Confederation statutes and is, in fact, wider in scope. It is considered that the pre-Confederation statutes are unnecessary.

If these statutes are unnecessary, I would be in favour of repealing them all except those passed by the Parliament of Great Britain and by law made applicable to any of the provinces. If I remember my history correctly, it was the Constitutional Act of 1791 that brought the laws of England into force in Ontario. I merely suggest these changes by way of improving the measure.

Hon. A. K. HUGESSEN: Honourable senators, I understand that section 2 of the bill has been specifically asked for by the Government of Ontario, and I assume that before the request was made the government satisfied itself that the Parliament of Canada was competent to do what it was being asked to do; further, the federal Department of Justice, under whose authority this statute is brought before us, must also have been of the same opinion.

Hon. Mr. LEGER: In other words, you are saying that their opinions are better than mine.

Hon. Mr. HUGESSEN: I would not for a moment make any such suggestion. I do submit, however, that in all probability this matter has been given careful consideration by the department of the Attorney-General for Ontario and by the federal Department of Justice.

Hon. Mr. LEGER: If careful consideration had been given to the bill, I do not think it would contain the words, "in so far as the same is part of the law of Ontario," because the Privy Council has decided that it is part of the law of Ontario.

Hon. Mr. HUGESSEN: Those words may be superfluous.

It is perhaps of interest to know just what the British statute is that is to be repealed so far as the province of Ontario is concerned. It is a statute of Great Britain, enacted in the year 1781, and the preamble reads as follows:

Whereas certain houses, rooms, or places, within the cities of London or Westminster, or in the neighbourhood thereof, have of late frequently been opened for public entertainment or amusement upon the evening of the Lord's day, commonly called Sunday; and at other houses, rooms, or places, within the said cities, or in the neighbourhood thereof, under pretence of inquiring into religious doctrines, and explaining texts of holy scripture, debates have frequently been held on the evening of the Lord's day, concerning divers texts of holy scripture, by persons unlearned and incompetent to explain the same, to the corruption of good morals, and to the great encouragement of irreligion and profaneness;

And here is the operative part of the Act.

be it enacted by the King's Most Excellent Majesty, . . . that, from and after the passing of this present Act, any house, room, or other place, which shall be opened or used for public entertainment or amusement, or for publicly debating on any subject whatsoever, upon any part of the Lord's day, called Sunday, and to which persons shall be admitted by the payment of money, or by tickets sold for money, shall be deemed a disorderly house or place.

That is the wording of the Act. I think the reason for the insertion in section 2 of the words "in so far as the same is part of the law of Ontario," to which my honourable friend objects, arises from the fact that examination of the preamble to this statute shows that it is clearly confined to certain houses, rooms or places within the cities of London or Westminster. Therefore it would seem to be clear that the Act was never intended to apply to the province of Ontario.

Hon. Mr. LEGER: There is no doubt that when the statute was originally passed it was not intended to apply to the province of Ontario, but the Constitutional Act of 1791 has made it applicable. Therefore what the honourable senator has read from the preamble does not change the situation.

Hon. Mr. CRERAR: It is too fine a legal point for me.

Hon. Mr. HAIG: I do not know that it makes any difference.

Hon. Mr. ROBERTSON: In the light of the argument on this matter between members of the legal fraternity I am somewhat at a disadvantage. Honourable senators will recall my intimation given upon second reading of this bill, that I would be pleased to follow the customary procedure and refer the bill to committee, where any pertinent question could be considered.

I have an open mind on the subject under discussion. I know that my honourable friend from L'Acadie (Hon. Mr. Leger) is a very faithful student of legislation presented to this house, and that he gives to it a great deal of time and thought. I am not compe-

tent to discuss or weigh the relative merits of the arguments which he has made, but I would be very happy to refer the bill to committee, if such be the will of the house, in order that the views of the law officers of the Crown may be obtained.

Hon. Mr. ROEBUCK: I support the suggestion that this bill be referred to committee. The reply made by the honourable gentleman from Inkerman (Hon. Mr. Hugessen) has not convinced me that the senator from L'Acadie (Hon. Mr. Leger) is incorrect in his appreciation of the law. At the moment I am not prepared to discuss the matter; one must not argue these things off-hand; but I know that the law of England was made the law of Ontario in 1791 or 1792, and that, except in so far as it has been repealed, not by this house but by the province of Ontario, it remains the law of the province. I am in a quandary. The argument that the repeal has been asked for by the Attorney-General of Ontario, presumably with the approval of the Department of Justice, is not enough to satisfy my mind that the proposal is constitutional and that everything is regular. That is the "appeal to authority," and I never was much of a hand at bowing to authority. Neither is the fact that on one ground the bill seems to apply only to England conclusive of the question. It is a problem whether we in this parliament have the right to repeal the Act. If we have not, we should not attempt to do so.

Hon. Mr. ROBERTSON: I would ask for leave to withdraw the motion for third reading.

The Hon. the SPEAKER: Shall the honourable gentleman have leave to withdraw his motion for the third reading of this bill?

Some Hon. SENATORS: Agreed.

The motion was withdrawn.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

REVISED STATUTES OF CANADA BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 348, an Act respecting The Revised statutes of Canada.

The motion was agreed to, and the bill was read the third time, and passed.

DIPLOMATIC SERVICE (SPECIAL) SUPERANNUATION BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill 349, an Act to amend the Diplomatic Service (Special) Superannuation Act.

He said: Honourable senators will recall that last year parliament passed an Act providing a pension plan for heads of missions in the diplomatic service. This had become necessary by reason of problems which had arisen in respect of appointments to the diplomatic service of men, most of whom had been in the employ of other departments of government. Since the passage of the Act some thirteen heads of missions have come under its provisions, and certain weaknesses in its administration have become evident. The bill before us is designed to rectify these weaknesses.

The original Act did not provide that a contributor could get his contributions back if he retired before he was entitled to pension. The right of return of contributions is a standard provision in all superannuation Acts, and it is included in this bill.

Under the original measure, contributors who had been employed as public servants were given an option as to the salary basis on which their contributions would be computed. They could take as the basis either the actual salaries they had received during their past service, or the salaries they got when they were appointed to positions in the Department of External Affairs. This option led to certain anomalies, and it is now proposed to establish a single basis for assessing contributions, namely, the actual salaries heretofore received in the public service.

Finally, provision is made in the bill to enable those eligible to come under the Act to elect to remain outside the scheme on condition that they renounce the benefits that may be derived from it. Certain diplomats, prior to appointment to these posts, qualified for military or judicial pensions. As the total over-all pension they may receive from all sources is limited, they would be called upon to make heavy contributions for the very small pension benefits they would receive under this Act. It is now proposed to meet their cases by permitting them to withdraw from the scheme entirely.

The motion was agreed to, and the bill was read the second time.

CUSTOMS BILL

FIRST READING

A message was received from the House of Commons with Bill 229, an Act to amend the Customs Act.

The bill was read the first time.

CIVILIAN WAR PENSIONS AND ALLOWANCES BILL

FIRST READING

A message was received from the House of Commons with Bill 393, an Act to amend the Civilian War Pensions and Allowances Act.

The bill was read the first time.

DOMINION ELECTIONS BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 198, an Act to amend the Dominion Elections Act, 1938.

He said: Honourable senators, I have asked the honourable senator from Cariboo (Hon. Mr. Turgeon) to explain this bill.

Hon. J. G. TURGEON: Honourable senators, I am going to take the liberty of reading from *Hansard* of June 17, 1948, a statement made by the honourable leader of the opposition (Hon. Mr. Haig). He said:

> The Dominion Elections Bill is a peculiar one, and in my experience this house has never interfered with the measure because it relates purely to the elections to the other place.

Accepting these words as advice, it is my intention to present the various aspects of the proposed amendments to the Elections Act in a purely explanatory way.

The bill is largely a clarification of the Elections Act now in force, but several of its provisions open up new courses of action. To start right at home in my own province, I shall refer to the amendment which gives to Japanese in Canada the right to vote, regardless of any provincial legislation which now bars them from voting in certain portions of the country.

Another provision contained in the bill relates to Indians. To a limited extent, Indians who took part in the first Great World War have the right to vote; and following a recommendation of the Joint Committee on Indian Affairs the proposed amendment gives a similar right to Indians who served in the armed forces during the second World War. In addition, it gives the right to vote to the wives of Indians who served in either the first or the second World War.

The present Act bars from voting inmates of so-called charitable institutions which are maintained by provincial governments in provinces where such inmates are not allowed to vote at elections for the Legislative Assembly. The proposed legislation wipes out that section and gives these people the right to vote, whether or not they have the provincial franchise.

The bill proposes to simplify the procedure under which veterans, confined to hospitals or other institutions because of war service, may vote. Under this legislation every possible regulation may be made to enable these men or women to vote. A further provision deals with men and women now on defence service, and provides that wherever they may happen to be, if it is humanly possible to reach them they will be permitted to vote, and their votes will be counted in the electoral district in which they live.

These are the main provisions of the bill; but I may say a word about the Chief Electoral Officer. It is provided that the salary of the Chief Electoral Officer shall be $10,000 per year, and that when he has retired his successor shall receive a minimum of $8,000 and a maximum of $10,000. That, I take it, is an expression of appreciation of the services rendered to Canada by the present Chief Electoral Officer, Mr. Castonguay. I am glad to make that reference now, because while I was a member of the elections committee of another place some years ago he was extremely useful to us. In those days his remuneration was very small, and I think the committee had a good deal to do with his being placed in his present position.

I intend to make a few comments on our whole electoral position, and particularly with a view to the future. First of all I am going to be critical. I have in mind the fact that, not just lately but over a period of years, at election after election, only a small percentage of the total vote has been cast. We frequently hear the criticism that a large number of the members of another place are minority representatives. From time to time recommendations have been made as to ways and means of changing that condition, but I hope to make it clear that I am strongly opposed to many of those recommendations.

I said that I was going to be critical. I criticize the old political parties for having allowed public interest in domestic and international affairs to lag. It is true that, occasionally, interest is aroused as a result of some serious development. Well, honourable senators, today we do not know just what serious developments are facing us. I am more critical of my own party, the Liberal party, than of

the Conservatives, because to a large degree Liberalism has thrived upon getting the people to see the desirability of taking power away from authoritarian states, whether headed by kings, princes or barons, or by groups such as exist in certain countries today. During the last few years Liberals have not been active enough in making it clear to our people that the citizens of a democratic country have responsibilities as well as rights.

Lately there has been a good deal of discussion of conditions in eastern Europe. Honourable members will recall the very eloquent remarks of the honourable gentleman from Inkerman (Hon. Mr. Hugessen) with respect to Czechoslovakia. I have been deeply touched by what has taken place in that country, because less than two years ago I had the privilege of being there and in Poland as a member of a body dealing with reconstruction of the devastated areas of eastern Europe. The violent death of Jan Masaryk shocked the world not long ago, and we know that Czechoslovakia no longer has freedom. Its lack of freedom is most clearly indicated by the fact that its people cannot vote for whom they wish. Some years ago Jan Masaryk's father, Thomas Masaryk, first President of the Republic of Czechoslovakia, said:

> Democracy is discussion. States keep alive only through the ideals which gave rise to their existence.

Among the ideals that gave rise to the existence of democratic countries is the right to vote. Yet we are permitting conditions so to shape themselves that our people do not care much whether they cast their votes or not. And on what better foundation than indifference to voting can Canada or any other country build up a totalitarian state—call it communist, socialist or what you will—in which the people are not given a choice of candidates for election to legislative bodies?

It is often said that proportional representation, either in its complete form or in one of its various aspects, such as the alternative vote, would cure the present situation in Canada. In my opinion—and I have tried to give the matter a little study—it would do no such thing. The situation in this country will be cured only if those who are clothed with constitutional responsibility for the public good take every possible measure to make the people see just what conditions here will be like, if through lack of interest we suddenly wake up to find ourselves in such a position as Czechoslovakia is in today. I take the liberty of addressing that remark directly to honourable members of this chamber.

Advocates of so-called proportional representation argue that minorities are entitled to representation in parliament and in the legislative assemblies. That is true, but only to a certain degree. Many years ago a great French political philosopher said that democracy was the cruelest of all forms of government, because the majority always imposed its will on the minority. This is a democratic country, and we must never forget that democracy was introduced here when the people were given the right to participate in government by voting at elections.

I shall give an illustration to show that the minority in Canada does not suffer at the hands of the majority. For the past forty years I have belonged to western Canada. In some ways I may be said to be a double minority. First, I am a Roman Catholic, and second, on my father's side I am of French Canadian race and culture. Yet in the constituency in which I was elected to the Alberta Legislative Assembly in 1913, not twenty families could pronounce my name, because the people had no knowledge of the French language; further, ninety-five per cent of the people were of the Protestant religion. It is true that I was defeated in the provincial elections in 1921; but at that time there was a political surge which swept the country outside the cities of Edmonton and Calgary into the column of the United Farmers party. Later, for family reasons, I went to British Columbia, and in 1935 was elected to the House of Commons in a district which was at least eight-five or ninety per cent Protestant. I represented that district until 1945, when another surge of political thought swept that part of the province away from the Liberals and Conservatives, both federally and provincially, and placed it in the column of another party.

I give that illustration in answer to the claim that democracy subjects minorities to impositions by majorities. So for as my experience and belief goes, that claim is not true. I do not think any form of proportional representation will remedy the evil that is developing among us of lack of interest, on election days, in the problems that confront us. There must be parties rather than individual candidates. Under the system of proportional representation there is liable to be a complete conflict of parties, resulting in the eventual extinction of all but one—and then we will have the condition that Czechoslovakia has today.

I have much pleasure in urging this house to give second reading to the bill.

Hon. JOHN T. HAIG: Honourable senators, I cannot go all the way with my friend the previous speaker. I believe that I am the

only person in this chamber who has been elected under a system of proportional representation.

Hon. Mr. HOWARD: I hope that you will always be the only member so elected.

Hon. Mr. HAIG: I was elected four times under that system. Before I launch into my main speech I wish to say that I do not advocate proportional representation. It is the most archaic system that one can imagine. The principle underlying it is that minorities should be represented in elective bodies. All the system does is transfer to the chamber of parliament the talk that should have taken place before the election in public meetings and on the hustings.

I speak with some authority on this matter, because the system has been in use in Manitoba since 1920. This is the way it operates in the city of Winnipeg. The city at large elects ten representatives, consisting of, say, three Conservatives, three Liberals, three C.C.Fers and one other. The tenth representative would be—if I may use perhaps an unparliamentary expression—a mugwump who had some fool ideas and was elected more as a joke than anything else. It is well known that under the system of proportional representation a candidate can be elected even though he has committed murder. Nobody who understands the system or has been elected under it has ever advocated its adoption. It is completely undemocratic.

The democratic principle in elections is that a candidate who is elected for a constituency shall have a majority of the electors voting for him. Manitoba has the single transferable vote. In our conventions a hundred delegates assemble to elect a candidate from three nominees. On the first ballot one gets forty votes, another thirty-five and the third twenty-five. Nobody has a clear majority, so the low man is dropped, and we vote all around again, and somebody gets a majority. That is the single transferable vote. Manitoba has had that system since 1920, and it is so universally popular in that province that it is never questioned. The system is also used in Alberta. No one elected to any parliamentary body in these two provinces is opposed to the single transferable vote.

Hon. Mr. SINCLAIR: When the honourable senator was illustrating the method of voting he said that the low man was dropped and the delegates voted all around again.

Hon. Mr. HAIG: Yes.

Hon. Mr. SINCLAIR: As I understand it you then vote on number two ballot.

Hon. Mr. HAIG: I am talking about conventions now.

Hon. Mr. SINCLAIR: My friend is talking about the single transferable vote.

Hon. Mr. HAIG: Yes. For instance, an election is to take place in my honourable friend's constituency, a convention is held and three names are put up. The ballots are passed around among the delegates and each one indicates his choice. I know that is the way we do it at conventions of the Progressive Conservative party, and I should think that the Liberal party was at least democratic. The results of the first ballot are, we will say, forty votes for the first candidate, thirty-five for the second, and twenty-five for the third. You drop the low man and vote all around again. That practice was followed in Pontiac the other day.

Hon. Mr. EULER: Also in Newfoundland

Hon. Mr. HAIG: Yes. Nobody got a majority in Newfoundland, and there is going to be a second ballot.

This is the way the single transferable vote works in Manitoba. Three candidates are put up, a Liberal, a Progressive Conservative and a C.C.F.'er. When I go to the poll I decide that my number one choice is the Conservative candidate. Then I ask myself: What if my candidate is not successful? My next step as a good democrat and a good Canadian is to decide whether I want the Liberal or the C.C.F. candidate to get my second vote, and when I have done this I put "2" opposite the candidate of the other party which, in the alternative, I would rather see elected.

I can speak on this matter with some knowledge. In Winnipeg, when I went to vote, there were forty-one candidates for ten positions. The Conservatives nominated ten candidates. I marked from 1 to 10 for Conservatives; then I marked 11 to 20 for Liberals; and then I quit. I said, "If I can't get Conservatives I want Liberals, but I don't want these other people." That is how the single transferable vote works.

Hon. Mr. HOWARD: May I ask the honourable senator which party was in power at that time?

Hon. Mr. HAIG: The first time we voted in this way the Liberals were in power, and I was acting leader of the opposition. Some people argue that that is not how the system works: they say that when Liberals mark their ballots they will decide that, although they know they ought to vote alternatively for Conservatives, they will vote C.C.F.; or that Conservatives admit in theory that

Liberal candidates should have the benefit of the option, but in fact it is given to the C.C.F. Let me state emphatically that people do not act that way. Here is an illustration of how second-choice voting operates. In an election to the school board in December, 1946, one young candidate got 13,800 first-choice votes. He happened to be a Conservative. A C.C.F. candidate received 6,000, and a third candidate, who happened to be a Liberal, got 4,000 votes. There were two vacancies. It became necessary to go through the 13,000 votes and find out how many were second choices. The successful candidate needed 8,000 votes. It is not necessary to go into details; the principle of proportional representation does not really enter into the matter.

Hon. Mr. EULER: Was this a school board election?

Hon. Mr. HAIG: Yes.

Hon. Mr. EULER: Do the people of Winnipeg practise party politics in school board elections?

Hon. Mr. HAIG: No. Let me tell the honourable member from Waterloo that we in Manitoba are not so stupid as his question would indicate.

Hon. Mr. EULER: I was not making any charges.

Hon. Mr. HAIG: I repeat that we in Manitoba are not stupid. Conservatives would rather have a Liberal in office than a member of the C.C.F., and the Liberals prefer a Conservative to a C.C.F. candidate.

Hon. Mr. EULER: I did not suppose that school board elections were run on a party basis.

Hon. Mr. HAIG: It is not a question of party. I merely use this incident as an illustration. In the case of the Liberal candidate, on the second ballot 5,900 of the 6,000 votes for the candidate who had occupied third place were cast by Conservatives, and he came in away ahead of the C.C.F. nominee. Since that system has been operating in Winnipeg the C.C.F. have never elected a single candidate to the city council or to the school board. They cannot do it.

Hon. Mr. TURGEON: Is the honourable senator in favour of making transferable voting compulsory?

Hon. Mr. HAIG: I would make all voting compulsory. Probably I have said enough on the subject of the transferable vote, but I think it would be well if each of us would consider this matter as of personal application. Whether you are a Liberal or a Conservative you believe in free enterprise. On the one hand we have a system under which, subject to reasonable conditions, everybody has a chance. Opposed to the principle of free enterprise is the philosophy of socialism. I do not care what the socialist leaders in this country say about it; inevitably it leads to absolute control. It cannot lead anywhere else. The founders of socialism made state control the basis of their teachings. Now, what happened at Oshawa the other day? Nearly 16,000 voters, including 8,300 Liberals and 7,500 Progressive-Conservatives, showed themselves opposed to socialism, yet a socialist candidate who polled only 10,300 votes was elected. That is not democracy; it is control by a minority.

When I was a boy of about seventeen or eighteen there was a convention in the rural Manitoba constituency where my father was a farmer. My father was quite an active worker. He wanted to nominate a man named Fenwick. Another man named Hicks wanted to run. At the convention both Hicks and Fenwick were nominated One of the delegates who supported Hicks and was opposed to Fenwick nominated a third candidate from the district where Fenwick lived, with the result that the Fenwick vote was divided, and Hicks was returned by a minority vote representing not more than forty out of one hundred. In those days there was no provision to drop the name of the low man, and, as I said, Hicks got in.

Hon. Mr. SINCLAIR: I should like to ask a question in connection with the remark of the honourable senator from Cariboo (Hon. Mr. Turgeon) as to making the alternative vote compulsory. Do I understand the principle of the compulsory vote to mean that an elector must indicate his choice of each candidate on the ballot, or will his vote be good if he makes only one selection?

Hon. Mr. HAIG: I am not contending for compulsory voting to make the single transferable vote a success. That reference was made incidentally, in relation to a question asked by the honourable member from Cariboo. Under the system used in Manitoba and Alberta you can vote for two candidates or just one, as you prefer. I am not seeking to make two changes at once. What I am concerned with at the moment is to avoid the kind of thing which happened at Oshawa. Nobody can tell me that under a system of alternate voting the Conservative would have been at the bottom of the poll. In Manitoba perhaps 15 per cent of the voters are plumpers; in some areas the proportion may be as high as 20 per cent; but around 80 per cent of the

people vote for the Liberal or the Conservative candidate. In the light of our experience I am sure that, had the system been in effect at Oshawa, the Liberal candidate, not the C.C.F. nominee, would have been the member today.

Or consider what happened at Prince Albert at the last federal election, when the Prime Minister of this country was beaten by 130 votes. Do you mean to tell me that if the name of the Progressive-Conservative candidate had been dropped, and his poll of 2,700 votes had been applied to the other candidates, the Prime Minister would not have been returned? I admit that the vote would have been reduced by the 10 to 20 per cent who would not have voted at all; but the result could not be in doubt. When a system of voting has been operating for twenty-eight years, people know something about it. I realized when I was elected to the legislature that a good many Liberals had voted for me.

Hon. Mr. HOWDEN: May I ask the honourable leader of the opposition to explain what occurred on one occasion, which he probably will recall, at an election in our riding of St. Boniface? I believe the Liberal candidate had a plurality of 600 votes, but he was afterwards counted out, through the operation of second-choice votes, by a C.C.F. candidate.

Hon. Mr. HAIG: If I remember rightly, there were two or three candidates.

Hon. Mr. HOWDEN: Three.

Hon. Mr. HAIG: No; more than three.

Hon. Mr. HOWDEN: There may have been four, but certainly not more. The Liberal candidate had a plurality of 600 by first-choice votes, and he was counted out through second-choice votes.

Hon. Mr. SINCLAIR: Did the C.C.F. man get in?

Hon. Mr. HAIG: The C.C.F. candidate was Ted Lawrence.

Hon. Mr. HOWDEN: Was that the time Joe Bernier ran?

Hon. Mr. HAIG: I don't think Bernier was running on that occasion. Bernier ran once or twice, and later on he was elected. But although some allowance must be made for local conditions, the underlying principle is clear.

Let us suppose that under the system of the transferable vote two candidates, one a Liberal and one a Conservative, are nominated. The Liberal, though a strong man, is disliked by the Liberals, and the Conservative is disliked by Conservatives. Whom will you vote for? Generally, the more independent man is the one you will pick.

Hon. Mr. HOWDEN: How do you neutralize those first 600 votes?

Hon. Mr. HAIG: I cannot remember. I was not paying much attention, because I was running myself and was quite interested in the city of Winnipeg.

I have said enough about the transferable vote, but there are one or two other suggestions that I should like to make. Unless the ordinary people of this country take more interest in voting, Canada is going to have a continuation of its present difficulties. I read in the Ottawa *Journal* that in Ottawa South 10,000 fewer people voted on June 7, which was the date of the Ontario provincial elections, than voted in 1945. The same report disclosed that in Rockcliffe, of all places, not even fifty per cent of the people voted. That is a disastrous situation. A friend of mine voted in the Forest Hill Village district of Toronto. The voters list contained 640 names, and there were no labour votes. The polls were to close at seven o'clock, but at a quarter to six only 340 people had voted. If that sort of thing is going to continue, as my honourable friend from Cariboo (Hon. Mr. Turgeon) has said, the Czechoslovakia situation is going to be made possible in this country. Canadians have got to take a greater interest in elections, and it is for that reason that I suggested compulsory voting.

Why should people not be compelled to go out and vote? Many people say, "Oh, well, politicians are all crooked, and I won't vote for any of them." But by not voting, these people make it possible for politicians to be crooked. From my experience in many elections, I believe that something has to be done to make people realize that the sacrifices which our boys and girls made in two world wars, to keep freedom alive in Canada, are not to be carelessly thrown away.

In order to get out the vote, a candidate must first canvass and organize. This work involves the greatest part of the cost of running an election. I think I could get myself elected in any constituency in Winnipeg if the other fellow allowed me to canvass for votes and get people to the polls, while he just sat around and did nothing. Any member of parliament could get elected in that way. A full-page election ad in a newspaper costs approximately $800, I think. The honourable senator from St. Boniface (Hon. Mr. Howden) would know. A person with a sessional indemnity of $2,000 a year cannot publish many such ads.

Hon. Mr. NICOL: Does the honourable senator know that in Switzerland, which is a great democratic country, the vote is obligatory and is taken on a Sunday? It is the duty of the people to vote.

Hon. Mr. HAIG: It is in Australia too.

Honourable senators, let us turn to the problem that will face us in the next federal election. It makes no difference to the members of this house whether a C.C.F., Liberal, or Progressive Conservative government is in power, but it does make a difference to Canada's future if we do not believe in the system used. I would not criticize the C.C.F. party if I believed in their philosophy; but I do not. I have no use for it. Personally, of course, I would like to see a Progressive Conservative government in Canada, but I have not lost any sleep during the past thirteen years just because a Liberal government has been in power. I do not agree with some of their ways of doing things, but I still believe in their philosophy: the freedom of the people. The next federal election will be a crucial one. We are confronted by difficult problems, the three major issues being high taxation, the high cost of living, and the shortage of houses —or, if you like, the high cost of housing. The C.C.F. party has said that the other parties have lost their grip. The reason is that the people did not vote. As I have said, in the Village of Forest Hill and in Rockcliffe only half the people voted, and in South Ottawa only about a quarter of them did so.

Hon. Mr. HOWARD: And in Vancouver Centre.

Hon. Mr. HAIG: Yes, only about half the people voted in Vancouver Centre. I venture to say that in a by-election in the city of Winnipeg it would be every bit as bad. I want our people to be aroused to the seriousness of the situation. I should like the transferable vote to be put into effect, so that a man or woman elected to the House of Commons would represent the majority of his or her constituents. If the majority want socialism, then we shall have it; but we must be sure that the majority want it. I do not believe that for many years to come the people of this country will vote for socialism. I know some will say that Conservatives would not vote for Liberals and that Liberals would not vote for Conservatives, but I disagree. After the people have become accustomed to a democratic system of voting, in one or two elections, this attitude would pass away just as it has in Winnipeg.

Honourable senators, I am glad to see this bill. I hope that at the next session of parliament the Government of Canada will bring in the transferable vote. I would ask each member of this house to study this problem, and to talk with members of the other house from the provinces of Manitoba and British Columbia, where they have coalition governments, and with the members from Alberta. I suggest that at the next session of parliament the Senate should urge the House of Commons to adopt a democratic system of voting. The present system was all right in the old days when there were only two parties in Canada, but now that there are three or perhaps four distinct parties it is no longer suitable. A day or two from now there will be an election in Saskatchewan, where at times, in some constituencies, there are as many as four parties. It was a big thing for that province when the Liberals suggested the transferable vote. The government of the day there did not want it. If such a system of voting is proposed next year in the House of Commons, just watch where the "anti" votes come from.

Hon. T. A. CRERAR: Honourable senators, so far as time is concerned my contribution to this debate will not be extensive. There are, however, a few observations that I should like to make.

In the first place, I think that the responsibility of this house for examination of an election bill is the same as its responsibility for the examination of any other measure that comes before parliament. The fact that we are an appointed rather than an elected body does not, in my opinion, relieve us of that general responsibility. For instance, if through some influence or other an altogether unjust franchise measure should at some time pass through the other house and be sent to us for our approval, we could not wash our hands of it and say it is none of our affair. At any rate. we should not.

In the second place, I should like to express my warm approval of the gift of the franchise to Canadian citizens of Japanese origin.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CRERAR: That, I think, is an act of justice that has been too long delayed. All discrimination against Canadians of Asiatic origin has been removed. Not only the Japanese, but the Chinese and the East Indians who are Canadian citizens by adoption or birth are to be treated as Canadian citizens of full stature, so far as the franchise is concerned.

Hon. Mr. EULER: But only so far as the franchise is concerned. For instance, a Japanese Canadian, though born in British Columbia, still cannot go back to that province.

Hon. Mr. HOWARD: That has nothing to do with the franchise.

Hon. Mr. EULER: No, but it is discrimination.

Hon. Mr. CRERAR: I would remind my honourable friend from Waterloo (Hon. Mr. Euler) that I am speaking of the franchise.

Hon. Mr. EULER: I agree with what you said as to the franchise.

Hon. Mr. CRERAR: My honourable friend has thrown me off the track temporarily.

Hon. Mr. EULER: I am sorry.

Hon. Mr. CRERAR: I was about to add that the way in which our franchise law discriminated for a good many years against our citizens of Asiatic origin undoubtedly had a prejudicial effect on Canada's relations with Asiatic countries, and therefore I am doubly glad that the discrimination is removed.

Something was said by the leader of the opposition (Hon. Mr. Haig) and the honourable gentleman from Cariboo (Hon. Mr. Turgeon) about the importance of trying to arouse an interest in public affairs among the electorate and getting a larger vote on election day. Personally, I think that is very important. It has always seemed to me that the right to vote is one of the most precious possessions of a citizen in a democratic country, because it enables him to have a say in how he shall be governed. It is the right to elect his representative—not his delegate, not someone to carry out his instructions, for that idea is a distortion of our whole parliamentary principle. It is the right to elect a person who shall sit in parliament or a legislature or a municipal council and be his representative when laws are being made, when expenditures are being undertaken, when taxes are being levied. A representative speaks for the constituency that elected him. To my knowledge nothing finer has ever been said about the relationship that should exist between the elector and the representative he sends to parliament than was said in Burke's speech to his Bristol constituents well over one hundred years ago. That speech will stand re-reading time and time again by honourable members of this house.

It is a matter of regret that so large a number of citizens take so little interest in the business of government, in the making of expenditures and the levying of taxes; that they fail to discharge the first duty of citizenship when they have an opportunity to do so. How that problem is to be met I do not know, but it brings me to a comment on one new subsection in this bill that I think may, on reflection, be considered unwise. There is an amendment to the effect that Indians who served in the last war should be given the right to vote, which was accorded Indian veterans of the First World War; but the new subsection goes farther and confers the right upon the wives of those Indians. If we look at it sensibly we must ask ourselves, "What contribution can the average Indian's wife make to a decision as to who should represent a constituency in parliament?"

Hon. Mr. BALLANTYNE: None.

Hon. Mr. SINCLAIR: May I interrupt the honourable gentleman? On reading the subsection I was not clear whether it applied to a squaw.

Hon. Mr. CRERAR: If she is the wife of an Indian who served in either World War I or World War II, she will be entitled to vote. That was the statement made by the honourable gentleman who explained the bill (Hon. Mr. Turgeon).

Hon. Mr. TURGEON: That is correct.

Hon. Mr. SINCLAIR: Subsection (4) on page 4 of the bill reads:

> Notwithstanding anything in this Act, a woman who is the wife of an Indian person, as defined in paragraph (f) of subsection two of this section, which Indian person has served in the naval, military, or air forces of Canada in the war of 1914-1918, or in the war that began on the tenth day of September, nineteen hundred and thirty-nine, is entitled to have her name included in the list of electors prepared for the polling division in which she ordinarily resides and is entitled to vote in such polling divisions, if such woman is otherwise qualified as an elector.

What is the meaning of those last words in the subsection?

Hon. Mr. CRERAR: I do not quite understand what is meant by the phrase, "if such woman is otherwise qualified as an elector".

Hon. Mr. TURGEON: That means if she is not, for instance, under age, or an inmate of a mental institution.

Hon. Mr. CRERAR: I was about to make that observation. A wife who is a minor of say seventeen or eighteen years of age could not qualify as an elector; but assuming that she is not so disqualified, the fact that she is the wife of an Indian who served in the armed forces entitles her to vote under this section.

I have again lost the thread of my argument.

Hon. Mr. SINCLAIR: I apologize to my friend.

Hon. Mr. CRERAR: Perhaps I am old-fashioned, but to my way of thinking it is

all-important to realize that the business of voting is a serious responsibility. One of the most dangerous trends affecting our whole democratic system is the lighthearted and even ignorant fashion in which many people approach that responsibility. I venture to say that if on an election day in this city one could call all the people passing up and down Sparks street into a room and ask them some simple questions to test their knowledge as to their qualifications to vote, one would find that many of them really would not know what they were doing. That situation is not the fault of society, because the people have newspapers and every opportunity to inform themselves. But they fail to do so because of their complete lack of interest in public matters. May I say that one does not find that lack of interest on the part of the people in such countries as Poland and Czechoslovakia. They know what the right of the free ballot means.

I am not raising this point to suggest any debarring of voting, but I do think that the exercise of the franchise is one of our most important privileges. At the risk of criticism, I make the further observation that we have at times too lightly extended the franchise to people not fully qualified to discharge the duties of citizenship. I do not know just how it can be remedied.

I am opposed to proportional representation because I do not think it would add to the effectiveness of our electoral machinery. I confess that there was a time in my salad-days when I thought that proportional representation was a good thing. But that was a time when my experience of life was not what it is today, and when beautiful theories had a firmer grip on my imagination than they have at the moment. I have a good deal of sympathy for the young enthusiasts who would reform the world all at once. I, too, once entertained these notions. But if they are honest intellectually and inform themselves intelligently, I have no doubt that time will modify their views.

On the question of the transferable vote, I think a solid argument can be made in favour of it. My honourable friend from Cariboo (Hon. Mr. Turgeon) shakes his head. I am not thinking of it in a partisan way; the question must be considered a little above that level. The single transferable vote when carried out fully and honestly, means that the member elected for a constituency is the final choice of a majority of the voters.

This is the way it operates. For instance, there may be three candidates, A, B and C. On the first count A gets a majority over B and over C but does not get a majority of all the votes cast. C being the lowest of the three, is eliminated. The second choices on the ballots for C then become first choices for A and for B. If B gets sufficiently more choices than A to outdistance A in the total vote each receives, he then becomes the majority representative of the people of the constituency.

Is there anything undemocratic about that? Is that not really a true basis for expression in the choice of a representative? If we throw aside party finagling in an attempt to score a few votes here and there, and look at it on the basis which I think it should be considered upon, the argument is all in favour of the single transferable vote.

I apologize to honourable senators for taking up so much time of the house. When the debate opened this afternoon I had no intention of speaking, but as it developed I felt the urge to say something. If I have tired you I apologize.

Hon. C. C. BALLANTYNE: Honourable senators, I will take but a few minutes of the time of this chamber.

A great deal has been said by the honourable senator for Cariboo (Hon. Mr. Turgeon) about getting people out to vote, but I did not hear him say anything about regulations that would prevent people from voting. The constituency I represented in another place is famed for impersonation or, as some call it, "telegraphing."

Hon. Mr. HUGESSEN: It was famous.

Hon. Mr. BALLANTYNE: A candidate would never get elected in that constituency unless he did what I and others were forced to do. I had inspectors for each division, eighty in all, keep a card index system of every voter—that was before women voted—containing a description of each voter, the colour of his hair and his eyes, his religion, his telephone number and where he worked. When a man came to the poll and said he was Mr. Jones, the scrutineers would look at Mr. Jones' card, and if the voter did not fit the description he would have to be sworn.

Hon. Mr. LACASSE: Or finger-printed.

Hon. Mr. BALLANTYNE: They were very clever. Maybe conditions are not so bad now as they were thirty years ago.

Hon. Mr. HOWARD: Oh, no; we have improved.

Hon. Mr. BALLANTYNE: In those days a man who intended to impersonate a blacksmith would be dressed as one; if he wanted to pass as a lawyer for the purpose of "telegraphing" his vote, he would present the distinguished appearance of all legal gentlemen.

There is a serious difficulty which affects elections in our large cities. My old constituency was of a good type; part of it was very fine indeed; some sections contained many foreigners. But the numbers of men and women who did not live in the division but whose names appeared on the lists would astonish any honourable member. When women first had the right to vote, there appeared on our roll the names of hundreds who, as far as their relation to my division was concerned, might have been residents of China.

Hon. Mr. EULER: You would not have needed the women, anyway.

Hon. Mr. BALLANTYNE: I am not going to run again for the other place. I wish the honourable senator from Cariboo (Hon. Mr. Turgeon) would tell this house whether the bill contains any provision to penalize or check impersonation. This is a very serious matter. The late Hon. C. H. Cahan astonished the other house when he related some of his experiences. The best of all was when a manager came to him one day and said, "You can have your choice of two contracts, depending on the price you will pay. By one we will guarantee you a majority at every poll; for a lesser amount we will do the work, but we won't guarantee it." I think the honourable the leader of the opposition will agree that that is more satisfactory than the transferable vote.

Everything I have said is absolutely true as of the time when I was a candidate. I hope it is not so today. But I repeat that the bill should provide some means of preventing thousands of people from voting improperly in city constituencies.

Hon. W. RUPERT DAVIES: Honourable senators, I shall be very brief. I wish only to make one or two references to what has been said about people not voting.

Hon. Mr. BALLANTYNE: Or voting too many times.

Hon. Mr. DAVIES: One reason they do not vote is that a good many of them are left off the lists. At Kingston, on the occasion of the recent provincial elections, the names of 1,500 eligible people were omitted. I do not know who is to blame, although blame is passed around, first to this one and then to that one. It is my opinion that in the final analysis the responsibility should rest with the returning officer. But in the Ontario act—if I may refer to it—there is nothing which places the duty on the returning officer. To a large extent the mischief is caused by the fact that enumerators, both as regards Dominion and provincial elections, are engaged on the basis of so much money for so many names, and, having got the number of names which entitles them to their remuneration, they stop working. The selection of enumerators for the Dominion elections is divided, I believe, between the two old parties; now, perhaps, the third party is also included. In my opinion no one should be appointed as enumerator unless he is at least twenty-one years of age and understands what he is required to do.

Again, all voters are not senators or members of another place, nor are they as politically-minded as we are. There are people who suddenly wake up on election day to discover that their names are not on the list, and they are very indignant about it, because they were on previously and cannot understand why they have been omitted.

I do not know whether many constituencies are like the riding of Kingston. It is very confusing. For federal purposes, Howe Island and Wolfe Island are in Frontenac. Amherst Island is in Prince Edward-Lennox. But for provincial purposes, Wolfe Island, Howe Island and Amherst Island are in the city of Kingston. If a man or woman living in the urban part of a riding like Kingston is left off the list, he or she cannot be put on it after the court of revision has held its sittings; but if a voter who lives in the village of Portsmouth or on Wolfe Island or Howe Island goes up on election day and swears that he or she is a British subject and has lived in the riding long enough, he is entitled to vote. Here, it seems to me, is an anomaly which should be corrected, although I am not sure whether this is the place to do it.

I am inclined to agree that this bill does not vitally affect this chamber, because we do not have to be elected. Nevertheless it is our duty, I think, to see to it that those who are entitled to vote shall be on the list and shall vote. If the bill is sent to committee there are several questions which might be asked concerning it. At this late date—and it seems to me a very late date in the session to bring in so lengthy and important a measure as this—I do not suppose it can be amended to any great extent. We know that it is primarily the duty of every citizen of Canada to see that he or she is on a list. But what happens? The enumerators type a list and take it around and nail it up on so many telephone posts in each ward, and along comes the rain and a windstorm, and half the list is blown away in twenty-four hours. People come to look at it and cannot find the page in which they are interested, and do not know whether they are on the list or not.

I cannot say that I am wholly in agreement with the principle of compulsory voting. I have talked about it to a number of Australians, and my impression is that the Australian

experience has not been entirely satisfactory. I know that failure to vote may be penalized by disfranchisement or otherwise. My preference is to have everything done that is possible to get everyone on the list, and to try to encourage people to exercise the franchise. What is done by the political parties? At Kingston, where elections are run very efficiently, every voter gets a post card from the candidates of the old parties, and possibly also from the C.C.F., telling him or her where to vote on election day.

Why cannot some system be adopted whereby every person entitled to vote shall be enabled to vote? I know that courts of revision exist for this purpose, but often they are not properly advertised. If during the recent provincial elections in Ontario you had looked, as I did, through the newspapers, you would have found that some returning officers had large advertisements with big type drawing the attention of voters to the fact that they must get themselves on the list, or, if not already on it, that they should attend the sittings of the revising officers and see to it that their names were included. But other returning officers used the very minimum of space to advise voters when sittings of the revising officers were to take place, and often the notices were overlooked.

These, it seems to me that are some of the reasons why many people are not voting, and everything possible should be done to correct the situation.

Hon. ARTHUR W. ROEBUCK: Honourable senators, I too will take just a moment. I could not allow this occasion to pass without expressing some disappointment in this bill, and joining with the leader of the opposition (Hon. Mr. Haig) in the hope that a further review of the Act will take place at the next session of parliament.

The bill is largely a matter of detail, and its more or less unimportant, routine amendments to the various sections, which are all right in their own way, no doubt required a good deal of time, effort and application. But I should like to see the committee reconstituted fairly early next session, so that without having all these details in its hands it could actually attack some of the vital problems in our electoral system.

I join with the honourable senator from Churchill (Hon. Mr. Crerar), as I so frequently do, in expressing pleasure at the wiping out of the discrimination against the Japanese. I also want to join with the leader of the opposition in what he has said about the transferable vote. I think his argument is unassailable, but I feel that he failed to attack the real difficulty: that governments elected under the present system do not favour a change.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: Having achieved success by this jug-handled, unscientific, undemocratic and most unfair method, they have successively hesitated to make a change in the system that was so satisfactory to them.

Hon. Mr. EULER: Let well enough alone!

Hon. Mr. ROEBUCK: My honourable friend's party in its present position is enthusiastic about reform in systems of voting; but I am fairly confident that were the Conservatives to take office under the present system, they would be just as reactionary and reluctant to change as the present government or any previous government has been.

The only thing upon which I can base a hope that a government in office—be it the present one or some successor—will really assail this problem, is the weight of public opinion aroused by the realization that, should this system continue in this country, we run the risk of having a minority government.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. ROEBUCK: I am a democrat and a liberal, and I am satisfied to abide by any government, even a Conservative government, if it is elected by the majority of the people. I have enough confidence in the electors of this Dominion to feel sure that any majority government would be a reasonably wise one. What I fear is that a minority government, elected by less than fifty per cent, possibly one-third, of our electors, would impose their will upon the majority of Canadians.

The only way I know of avoiding such a disaster with all its possible implications is to reform our system of voting. We can do so, not by the proportional representation method, which is not a political possibility at the moment, but by assuring that every representative who reaches parliament shall have a majority vote behind him. The situation as respects minority elections is getting worse with the growth and increasing powers of third parties, and with the divergences of political philosophy that are accepted and worked on by these parties.

As to a compulsory system, I do not believe in forcing anyone to vote. The only person I would disfranchise would be someone not interested in voting. I am in favour of the electors going to the polls and casting their ballots as a civic duty. Neglect of the people to go to the polls throws a tremendous burden

on the political parties to drag them there. Worse than that, it places an evil advantage in the hands of the party that is well financed. Elections have been made so expensive in this way that the independence of the party elected is at stake. I think that the need for reform at this time is so great that it counterbalances any hesitation we should have in applying compulsion, if necessary, to the individual citizen. In my judgment it is in the interests of our country and of the electors themselves, that the people be required to go to the polls. If this were done, our political system would be greatly improved.

There are a number of minor details in the Elections Act which are not touched by this bill. For instance, there is considerable doubt in the minds of many people as to the right of a scrutineer to give information as to who has voted. It has been ruled several times that secrecy applies to how people vote, and not to who has or has not voted. As the Act is indefinite in this regard, it would be a great boon to a large number of people if it were made amply clear that a scrutineer, or anyone having knowledge of what is taking place inside a poll, is entitled to give information as to who has voted.

A provision in the present Act makes it an offence for anyone to vote who has been paid by any candidate or party for services in connection with an election. In the past I was able to get sufficient voluntary scrutineers and poll captains to work without charge. I do not know that I could do it today, and I am quite sure that most candidates cannot. All parties now compensate the persons—mostly young women, at least in the cities—who sit in the polls all day and act as scrutineers. It is an offence for these ladies to cast their votes. That is all wrong. There is no more reason for disfranchising a paid scrutineer than for disfranchising the deputy returning officer, who also has to remain on the job all day, and who is paid.

I hope that this is not the last amendment of the Elections Act to be dealt with during the present parliament, but that next session the whole question will again be submitted to a committee of another place and that a bill based on the committee's work will reach the Senate in time for us to deal with it in the light of our experiences. Of course, I do not agree at all with the view of the leader of the opposition (Hon. Mr. Haig) that we have not as much right to discuss an elections bill as has any honourable member of another place. We have not only the right but the obligation to discuss a measure of this kind. In that respect there is no real difference between an elections bill and any other bill affecting the welfare of Canada.

The motion was agreed to, and the bill was read the second time.

AGRICULTURAL PRICES SUPPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 392, an Act to amend the Agricultural Prices Support Act, 1944.

The bill was read the first time.

DIVORCE STATISTICS

FINAL REPORT OF COMMITTEE

On the Order:

Resuming the adjourned debate on the motion for the consideration of the three hundred and twelfth and final report of the Standing Committee on Divorce.—Hon. Mr. Marcotte.

Hon. Mr. MARCOTTE: Honourable senators, I have received the information that I desired, and I do not wish to resume the debate on the committee's report.

The Hon. the SPEAKER: Ordered that the report do lie on the Table.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

Tuesday, 22nd June, 1948.

The Joint Committee of the Senate and the House of Commons appointed to continue and complete the examination of the Indian Act (Chapter 98, R.S.C., 1927), and amendments thereto, beg leave to make their fourth report, as follows:

Pursuant to a resolution of the Senate dated 13th February, 1948, your committee continued and completed "the examination and consideration of the said Indian Act begun by a joint committee pursuant to a resolution of the Senate on May 16, 1946, and continued by a similar joint committee, pursuant to a resolution of the Senate on February 13, 1947".

Since May 13, 1946, there have been 128 meetings and 122 witnesses have been heard. In addition, 411 written briefs from Indian bands and organizations and from other individuals and organizations interested in the welfare of our Canadian Indians have been printed in the Minutes of Evidence.

During the present session your committee diligently examined the Indian Act section by section and has agreed to report as follows:

Indian Act

Many anachronisms, anomalies, contradictions and divergencies were found in the Act.

Your committee deems it advisable that, with few exceptions, all sections of the Act be either repealed or amended. The law officers of the Crown would, of course, need to make other necessary and consequential revisions and rearrangements of the Act which, when thus revised, should be presented to parliament as soon as possible, but not later than the next session.

Your committee recommends that immediately parliament next reassembles a special joint committee be constituted with powers similar to those granted your committee on 9th February last and that there be referred to the said special committee the draft Bill to revise the Indian Act presently before the law officers of the Crown.

All proposed revisions are designed to make possible the gradual transition of Indians from wardship to citizenship and to help them to advance themselves.

In order to achieve these objectives, your committee recommends, in addition to other recommendations hereinafter set out,

(a) That the revised Act contain provisions to protect from injustice and exploitation such Indians as are not sufficiently advanced to manage their own affairs:

(b) That Indian women of the full age of 21 years be granted the right to vote for the purpose of electing band councillors and at such other times as the members of the band are required to decide a matter by voting thereon;

(c) That greater responsibility and more progressive measures of self government of reserve and band affairs be granted to band councils, to assume and carry out such responsibilities;

(d) That financial assistance be granted to band councils to enable them to undertake, under proper supervision, projects for the physical and economic betterment of the band members;

(e) That such reserves as become sufficiently advanced be then recommended for incorporation within the terms of the Municipal Acts of the province in which they are situate;

(f) That the offence and penalty sections of the Indian Act be made equitable and brought into conformity with similar sections in the Criminal Code or other statutes;

(g) That the Indians be accorded the same rights and be liable to the same penalties as others with regard to the consumption of intoxicating beverages on licensed premises, but there shall be no manufacture, sale or consumption, in or on a reserve, of "intoxicants" within the meaning of the Indian Act;

(h) That it be the duty and responsibility of all officials dealing with Indians to assist them to attain the full rights and to assume the responsibilities of Canadian citizenship.

Your committee was given "authority to investigate and report upon Indian administration in general" and, in particular, certain other matters, viz:

1. Treaty Rights and Obligations.

Your committee recommends that a commission in the nature of a claims commission be set up, with the least possible delay, to inquire into the terms of all Indian treaties in order to discover and determine, definitely and finally, such rights and obligations as are therein involved and, further, to assess and

settle finally and in a just and equitable manner all claims or grievances which have arisen thereunder.

2. Band Membership.

To replace the definition of "Indian" which has been statutory since 1876, there must be a new definition more in accord with present day conditions. Parliament annually votes moneys to promote the welfare of Indians. This money should not be spent for the benefit of persons who are not legally members of an Indian band.

Your committee believes that a new definition of "Indian" and the amendment of those sections of the Act which deal with band membership will obviate many problems.

Your committee recommends that, in the meantime, the Indian Affairs Branch should undertake the revision of existing band membership lists.

3. Liability of Indians to Pay Taxes.

Your committee recommends the clarification of those sections of the Act which deal with the exemption from taxation of an Indian's real and personal property on a reserve.

Your committee, however, is of opinion that Indians should continue to pay taxes on any income earned by them off, i.e., away from their reserve, even though they do reside on or have an interest in a reserve.

4. Enfranchisement of Indians, both Voluntary and Involuntary.

The revised Indian Act should, in the opinion of your committee, contain provisions to clarify the present rules and regulations regarding enfranchisement.

5. Eligibility of Indians to Vote at Dominion Elections.

As part of the education and preparation of the Indian to assume his place in the Canadian body politic, your committee recommended, on May 6 last, that "voting privileges for the purpose of Dominion elections be granted to Indians on the same status as electors in urban centres". This is a matter which, in the opinion of your committee, should be referred to a special committee on the Dominion Elections Act, with a view to early implementation of the recommendation.

It is realized that many Indians are not anxious to have or to use the franchise, under the misapprehension that, if they do exercise it, they will lose what they consider their rights. and privileges.

Many Indians who do not have the right to vote at Dominion elections do pay taxes on income earned away from the reserve, together with sales tax, gasoline tax, excise tax, et cetera. This is taxation without representation.

It is the opinion of your committee that it would encourage Indians, particularly the younger ones, to interest themselves in public affairs, if they were given the privilege already recommended. Your committee is further of opinion that the public generally would thus be given a better appreciation of Indian affairs.

6. Encroachment of White Persons on Indian Reserves.

Your committee recommends that the revised Act contain provisions to prevent persons other than Indians from trespassing upon or frequenting Indian reserves for improper purposes.

7. The Operation of Indian Schools.

Your committee recommends the revision of those sections of the Act which pertain to education, in order to prepare Indian children to take their place as citizens.

Your committee, therefore, recommends that wherever and whenever possible Indian children should be educated in association with other children.

8. Social and Economic Status of Indians and their Advancement.

Your committee recommends that the government consider the advisability of granting a pension to aged, blind or infirm Indians. This is in addition to recommendations previously made with regard to the social and economic advancement of Indians.

9. Indian Administration in General.

In 1946 and again in 1947 the Joint Committee on the Indian Act made recommendations with regard to

"administrative improvements which could be effected without the revision of existing legislation and which, when put into effect, would remove some of the causes out of which arise grievances and complaints of many Indians".

There are still some "administrative improvements" which your committee deems advisable.

Your committee, therefore, again recommends that the administration of all aspects of Indian affairs be placed under one ministerial head.

Your committee reiterates the recommendation made by the 1947 Joint Committee of the Indian Act, viz:

"10. The Director of the Indian Affairs Branch . . . should be named a commissioner who shall have the rank of a deputy minister and shall have at least two assistant commissioners of whom one should be a Canadian of Indian descent".

10. Parliamentary Inquiries.

Since 1867 there have been only two parliamentary inquiries into Indian affairs, each of which was very narrow in scope. One, in 1920, dealt with Bill No. 14, which contained amendments with regard to the adoption of the elective system of chiefs and councillors; the other, in 1926, was a joint committee which inquired into the claims of the allied Indian tribes of British Columbia.

Your committee recommends that the rules of the House of Commons be amended to provide for the appointment of a Select Standing Committee on Indian Affairs.

In the opinion of your committee such a committee will be necessary for a few sessions at least to consider and report upon the working out of any Indian Act and regulations framed thereunder.

Your committee considers a lapse of more than 20 years without parliamentary investigation too long to permit of that good administration of a branch or department of government which deals with such human problems as Indian Affairs.

11. Advisory Boards.

Your committee recommends that the government consider the advisability of appointing such advisory boards or committees as, from time to time, are deemed necessary for the carrying out of the provisions of the Indian Act.

12. Other Cognate Matters.

There are certain aspects of Indian affairs administration which, perforce, require co-operation between the dominion and provincial officials, to bring about the future economic assimilation of Indians into the body politic of Canada.

Your committee, therefore, recommends that the government consider the desirability of placing on the agenda of the next Dominion-Provincial Conference, for consideration by the provinces, the following matters:

(a) Education,

(b) Health and social services;

(c) Fur conservation and development and Indian traplines;

(d) Provincial fish and game laws;

(e) Provincial liquor legislation;

(f) Validity of marriage solemnized by Indians, on Indian reserves, according to tribal custom and ritual.

Your committee realizes that the matters above enumerated are matters which, normally, are dealt with under provincial legislative powers. However, it should be possible to arrive at such financial arrangements between the Dominion and provincial governments as might bring Indians within the scope of such provincial legislation, in order that there be mutual and co-ordinated assistance to facilitate the Indians to become, in every respect, citizens proud of Canada and of the province in which they reside.

13. Appendix.

The Minutes of Proceedings and Evidence taken before your committee are tabled herewith.

14. Conclusion.

As this is the final report of your committee, it is now considered fitting and timely to express due appreciation to all those individuals and organizations which, by their appearance before your committee, or by carefully prepared written briefs, rendered valuable help to the deliberations of your committee.

Officials from several departments of government rendered particularly valuable service, as did Mr. Norman E. Lickers, Barrister, who acted as counsel for the committee and as liaison officer for the Indians of Canada.

All which is respectfully submitted.

W. H. TAYLOR,
Chairman, Senate Section.

THE SENATE

Wednesday, June 23, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

YUKON QUARTZ MINING BILL

COMMONS AMENDMENT

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons returning Bill J-7, an Act to amend The Yukon Quartz Mining Act, and acquainting the Senate that they have passed the said bill with an amendment to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant, as follows:

Page 3, line 1: Strike out subsection one and substitute the following:

"45. (1) As soon as reasonably possible after the recording of the claim the holder of the claim shall affix or cause to be affixed securely to each of the posts of the said claim a metal tag plainly marked or impressed with the recorded number and letter or letters, if any, of the claim and in the event of default, the mining recorder may after a hearing, cancel the entry for the claim upon the application of any person who, in the opinion of the mining recorder, has been misled by the lack of such tags; notice of the hearing together with a copy of the application, shall be served on the recorded owner of the claim in the manner directed by the mining recorder at least thirty days before the date fixed for the hearing."

The Hon. the SPEAKER: When shall the amendment be taken into consideration?

Hon. Mr. ROBERTSON: Honourable senators, I think this amendment was made in the other place on the suggestion of the member for the Yukon, and was agreed to by the government. If it meets with the approval of this house, I would move that it be now concurred in.

Hon. Mr. HAIG: Honourable senators, the member for Yukon advised me that the amendment was proper and that he approved of it.

The motion was agreed to.

DEPARTMENT OF NATIONAL DEFENCE BILL

FIRST READING

A message was received from the House of Commons with Bill 394, an Act to amend the Department of National Defence Act.

The bill was read the first time.

STAFF OF THE SENATE

REPORT OF COMMITTEE

Hon. G. V. WHITE presented and moved concurrence in the seventh, eighth, ninth and tenth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were read by the Clerk Assistant.

Hon. Mr. DUFF: Does any one of these reports recommend an increase in pay for the Senate stenographers? They are a very loyal part of the staff, and if no increase is proposed for them I would suggest that the matter be referred back to the committee.

Hon. Mr. WHITE: The reports make no reference to the stenographic staff. The stenographers in the Senate are paid the same *per diem* allowance as are the stenographers in the House of Commons.

Hon. Mr. DAVIES: How many Senate stenographers are on duty between sessions?

Hon. Mr. WHITE: Five.

The motion was agreed to, and the reports were severally concurred in.

INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION BILL

REPORT OF COMMITTEE

Hon. CAIRINE WILSON presented the report of the Standing Committee on Immigration and Labour on Bill 195, an Act to provide for the Investigation, Conciliation and Settlement of Industrial Disputes.

She said: Honourable senators, the committee have, in obedience to the order of reference of June 21, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL WHEAT AGREEMENT

MOTION FOR APPROVAL

Hon. WISHART McL. ROBERTSON moved:

That it is expedient that Parliament do approve the International Wheat Agreement opened for signature at Washington on March 6, 1948, and that the Senate do approve the same.

He said: Honourable senators, this resolution calls upon the Senate to approve Canada's participation in the International Wheat Agreement opened for signature at Washington on March 6, 1948 and signed by thirty-six countries, including Canada. No additional legislation is required to implement the agreement beyond that contained in the Canadian Wheat Board Act and the Export and Import Permits Act.

Formal acceptance of the agreement is required by July 1 by all countries whose legislatures have been in session since the agreement was signed. Australia and several importing countries on the European continent have already accepted. The United States has not yet done so, but there is a fair possibility that it will accept later this year; and the United Kingdom is expected to do so shortly. Approval by Canada of the agreement will therefore discharge our responsibility for making it operative during the coming crop year.

Honourable senators are no doubt familiar with the various proposals that have been made from time to time for many years in order to get some stability into the world wheat trade. I think it is sufficient to point out that the method involved in this agreement differs from the old approach, in that it guarantees the movement of certain quantities of wheat within an agreed price range, leaving trade beyond these specified quantities to be governed by normal market forces. On the other hand, the old proposals were in the main attempts to influence the price of wheat by restricting world supplies.

The agreement now before us emerged from conferences held between supplying and importing countries in 1947 and 1948. It involves the annual sale of 500 million bushels of wheat over the next five crop years. Of this quantity Canada's share is 230 million bushels, our normal export surplus. The price range, based on No. 1 Northern in store Fort William-Port Arthur, provides for a ceiling price of $2 per bushel over the whole five-year period, and a floor price beginning at $1.50 and declining by ten cents each year thereafter until a figure of $1.10 is reached in the final crop year. Each importing country is assigned a share of the 500 million bushels. It has the right to buy its quota at the ceiling price, and assumes an obligation to buy it at the floor price. The exporting countries, conversely, must supply the contractual quantities at the ceiling price in return for the right to sell such quantities at the floor price. In other words, the importing countries are assured of supplies at not more than the ceiling price, and the exporting countries have an assured market for the amounts of wheat specified in the agreement at not less than the floor price.

The total amount of wheat in world trade at the present time is about 850 million bushels a year. It is clear, therefore, that a substantial quantity over and above the 500 million bushels specified in the agreement will not be subject to these guaranteed prices.

I may add that Russia and Argentina, both large wheat-producing countries, declined the invitation to participate in this agreement. Their absence, however, will not affect the successful working of the agreement, as the contractual quantities and the agreed price remain in effect in spite of competition from wheat outside the agreed quantities. The 500 million bushels will be traded within the guaranteed price range, whether or not other wheat is being traded at prices higher or lower than the specified ceiling and floor prices.

It is important to note that the terms of this agreement in no way limit our rights under the Canada-United Kingdom Wheat Agreement. The $2 price for the 1948-49 crop year under the British contract remains in force, and the price for the fourth year is to be negotiated before the end of this year. The agreement is non-committal about states trading in wheat; the United States will fulfil its obligations without interfering with the private sale of wheat, while Canada and Australia will continue for the time being to sell through their respective wheat boards.

Although the resolution expressing approval of the agreement was passed in the other place without any material opposition, I think we all realize that there is considerable difference of opinion with respect to it. I received from a leading citizen of Winnipeg a carefully reasoned argument against the general proposal. I am not in a position to discuss it at length, but a perusal of it left me with the query—and there may be something to it—what then? Without being particularly well versed in the subject, I believe that the agreement represents, on the part of those engaged in this particular branch of agriculture whose views and efforts are expressed in this document, an attempt to achieve some degree of security in the future.

Security in regard to agriculture may be attained, I suppose, along two lines. The one which I regard as the more effective would be achieved through the establishment, on a world-wide scale, of the maximum extent of multilateral trading, to the end that the hunger of a large part of the world's population could be satisfied from the reserves possessed by those who are in a position to grow much more than is required for their domestic needs.

Probably this course, although it may not be adopted in the immediate future, will play an important part in the ultimate settlement of the problem. I have read that the population of the world is increasing at the rate of 50,000 a day, and that the provision of an adequate supply of food will become one of the gravest of international questions. Undoubtedly in certain areas there will be surpluses which, because of difficulties of distribution, will not be available to those who need them. Probably a solution will be arrived at which will be a compromise between the ideal system I have referred to and some more or less artificial arrangement of the kind which characterises so much current business dealing. I do not know enough about the details to enter into the subject at any length.

It is my conviction that Canadian agriculture deserves well of the Canadian people. I cannot but be impressed with the lopsidedness of much of our economy, past and present. As an instance, let me remind honourable senators that at the moment many types of secondary products manufactured in this country are being sold to consumers at prices well above those prevailing in the United States, the economy of which is most comparable to our own; yet our people do not seem greatly disturbed. On the other hand, meat, wheat, butter, milk and most other basic agricultural products are being sold at prices materially lower than those ruling in the United States; yet, if for one cause or another our prices rise—not above the United States level, but to any point approaching it—one hears a tremendous outcry. In my opinion the attitude of our primary producers, in its calmness, its coolness, and its conservative approach to the problems of the future, is an example to all. It may be that their good common sense has told them that they will suffer if prices become unduly inflated. It must be remembered however that, in common with other citizens, our agricultural producers are faced with increasing costs for everything they buy, so far as I know, except agricultural implements, which, after successive reductions of duty, are now on the free list. In passing it may be remarked that while American implements are imported to Canada there is also a flow of Canadian-produced implements in the opposite direction.

It remains to be seen whether the proposals embodied in the present agreement will have the highly desirable result of opening the markets of the world to the free flow of goods. But it must be said that any measure which promises a degree of security to the agriculturists of this country deserves most serious consideration of members of this house and of the country as a whole. Security for the future is an objective which occupies the minds of many people today, and it's expression takes many tangible forms. While the present agreement may not achieve all the success which some desire for it, I believe it is incumbent on those who are critical of it to offer some solution other than one which in the past has had dire consequences for agriculture as a whole.

Hon. JOHN T. HAIG: Honourable members, I do not intend to indulge this afternoon in a general speech on the subject of the marketing of farm products. But at no time since the content of wheat agreements has been under discussion have I believed that such agreements were practicable. I hope I have been wrong.

As for this agreement, thirty-five of the thirty-six nations making it have signed; but I understand that to date only one of the exporting nations has approved it. The agreement is between three selling nations and thirty-three buying nations. Australia, Canada and the United States are the three selling nations, and their total export allotment is 500 million bushels of wheat per year. Of this Canada is to furnish 230 million bushels; I cannot say what quantities Australia and the United States are to supply. The other two great wheat-producing nations of the world, Russia and the Argentine, are not parties to the agreement. Wheat is produced almost everywhere, and I think the annual world production is approximately 500,000 million bushels.

Hon. Mr. CRERAR: Five thousand million.

Hon. Mr. HAIG: Yes, 5,000 million bushels, of which, depending on changing conditions, from 800 million to 1,000 million bushels are traded in a year. This international wheat agreement deals with 500 million bushels. Without considering the question of handling the grain, let us examine the situation. Let us suppose that Canada is to export 230 million bushels of wheat: if the Canadian West suffers a crop failure, with the result that this country cannot supply its quota, what will happen then? If Australia and the United States have already exported the amount they agreed to, they may not, in view of the higher price being paid on the world market, want to furnish the wheat that Canada has failed to supply. What will happen? Nothing! You cannot compel other nations to make up that shortage. That is the situation with respect to the exporting nations.

Turning to the importing nations, let us suppose that some nations have agreed to take a certain amount of wheat, but later discover that they do not need it, or have not the necessary American dollars to buy it. What will happen in that case? Can we make them take it? How can we? The only way would be to go to war. Under this agreement the importing countries cannot be forced to accept the grain, so of what use is it?

The respective parliaments of the countries who signed this agreement must approve it by July 1, 1948. But here a new difficulty arises: the United States Congress has adjourned until December. I admit that its members could be called back by the president; but do you suppose that, in the light of the political turmoil which will prevail in Philadelphia for the next couple of weeks, they would return to Washington to discuss this wheat agreement?

Further, do you think the American farmers will submit to an upset price of $2 per bushel and to a minimum price of $1.10? They will not. The United States government, not the farmers, will bear the loss. Our government has imposed a control; it does not propose to do that. In the last three years the Canadian government has taken not less than $300 million from its farmers.

Hon. Mr. HORNER: More than that.

Hon. Mr. HAIG: Yes, but to be on the safe side I say not less than $300 million. This money has been given to the people of Canada. The farmers are now giving us our bread flour at $1.55 a bushel; but for many years after controls were established the farmers supplied it at 77½ cents.

As I see it, honourable senators, the only good thing about this agreement is that it will never be carried out. I cannot see why a country which has to import wheat should be compelled to purchase that at $2 a bushel or at $1.50. How are these prices established? Why should the price be $2 or $1.10? I should like to ask the honourable senator from Thunder Bay (Hon. Mr. Paterson) how those figures were arrived at. They were reached by taking the price on the competitive world markets: on the Winnipeg, Chicago, Kansas and other grain exchanges. This is the very thing to which the men who drafted this agreement were opposed.

I am not blaming the government for this agreement. The heads of the wheat pools in Manitoba, Saskatchewan and Alberta were responsible for it. They forced it through, and we are absolutely playing into their hands. It is a mistake to think that nations will sell their wheat below its value, or that other nations will buy it above its value when they can get cheaper wheat elsewhere. Take any of the thirty-three countries named on the list. If Afghanistan, for instance, could buy wheat under this agreement for $1.50 a bushel, but Russia offered to furnish it at $1 a bushel, Afghanistan might possibly be so concerned about the covenant it had made that it would pay the $1.50. But is that likely when the wheat could be purchased from Russia at $1 a bushel? I can think of many countries which would buy it at $1 a bushel. What would Austria do, with the armies of Russia at her back door? She might say "We can buy wheat from Russia for $1 a bushel, but we have to pay $1.40 to Canada or the United States". Then Russia could say: "Why buy wheat at $1.40 a bushel from that great octopus, the United States, when we can sell you wheat right at your own back door for $1 a bushel?" It is beyond my comprehension how we, as sensible men and women, can expect people to carry out such an agreement.

My honourable friend opposite, in the course of his remarks, referred to a certain well-known economist. The gentleman referred to is W. Sandford Evans of Winnipeg, one of the most competent grain authorities in the world today. He pointed out that if a country refused to import or export as it had agreed to do, it would take fifty-four days to get the machinery in motion to try to compel it to do so. What would happen in the meantime? Right now we are having trouble over our wheat contract with Great Britain.

There is great agitation over this wheat business. I have figures which show that up to the 16th of June this year our shipments of wheat are about 83 million bushels below what they were at this time a year ago. An honourable senator whom I will not identify, but who sits not far from me, has a large quantity of grain in a granary. So have many other farmers all over the West. Why do they not send it forward? I do not know, although I have an idea. The honourable senator from Lunenburg (Hon. Mr. Duff) is an expert on fish, but I am sure that if he were in the market for grain and had an offer from the Argentine at $1 a bushel, he would not buy from the United States at $1.40.

Hon. Mr. DUFF: You are right.

Hon. Mr. HAIG: That is only human nature. If a certain article were for sale on Sparks street at $1, I would not go somewhere else and pay $1.40.

In the International Wheat Council the three selling countries have a thousand votes, and the thirty-three buying countries also

have a thousand votes. A majority of the votes of both groups is necessary for a decision, and Canada will have almost as many votes as those of the two other selling countries combined. After having read the speech made last night by former President Hoover before the Republican convention at Philadelphia, do honourable senators really think the United States would go into that deal? The impression left upon my mind by that speech was that it was a warning that the United States had better look after their own interests or there will be a depression in that country.

Hon. Mr. HOWARD: The same thing can be said of many countries.

Hon. Mr. HAIG: Mr. Hoover directed his remarks at the United States. He is a leading Republican, and was given a great reception at the convention.

Do honourable senators think that if the United States entered into that agreement they would continue to support it if it was against their own interest? How could they be made to support it? As the world is today, I do not believe that an agreement of this kind can be made to work. What we need is, not controlled trading, but open trading. I am not speaking now as leader of the Progressive Conservative party in this house. I may be a heretic, but after fifty years of experience in my own province of Manitoba I believe that our system of marketing up to 1935 was the best we ever had. Under that system a farmer had a free choice: he could sell either to a pool or to a private operator.

In my opinion, this agreement can only be carried out on Canada's part if the government of the day takes control of all the wheat in the country. Do we want the government to do that?

The British government made an agreement to pay us $1.55 for wheat which should have brought a price of at least $2.55. Naturally that is looked upon in Britain as a good agreement. My honourable friend opposite (Hon. Mr. Robertson) said that it will not interfere with this international wheat agreement, but I disagree with him. When we come to re-negotiate the United Kingdom agreement in December, the British government will say, "We cannot pay you $2 a bushel, because in the international wheat agreement you fixed for the year 1948-49 a maximum of $2 and a minimum of $1.50". I have gone through this agreement carefully, and I am unable to discover how one figure or the other was decided upon. My honourable friend must have been reading Orr's report, which states that in the last ten years the world's population has increased by some millions. But that fact will not solve our problem at all. What happens if Canada has 500 million bushels of wheat to sell on the world market? She can sell 230 million bushels under this agreement, if the other countries are willing to take that much, but what about the remainder?

It is said that what the world needs is more wheat. But what encouragement is there for our farmers to increase their production of wheat? I agree entirely with the honourable leader of the government that during the last eight years nobody has made so great a sacrifice for the country as have the farmers. And certainly no other class has made so large a contribution to the economic life of our country. Yet the government's policy will mean a continuation of this burden on the farmers

When the British wheat agreement was before the Senate, we on this side who were opposed to it were confronted with this argument: the thing has been done; the government has made the agreement, and you cannot go back on it. That struck me as a good argument, although I did not like the agreement. But the same argument cannot be made here. The right of ratification is especially reserved to us, and we can refuse to ratify.

I do not intend to enter into a discussion with my honourable friend the leader of the government on the question of floor prices. Of course farmers would like floor prices; but again I am a pessimist. Let us not forget the large voting power of the taxpayers of Ontario and Quebec. How long would they consent to having the national treasury pay western farmers a bonus in order to keep the price of grain in the West above the world price? I believe they would not stand for that at all. Only the other day my honourable friend from Waterloo (Hon. Mr. Euler) contended that the two central provinces had made large contributions for the benefit of western Canada. I am not criticizing him for that; I frankly admit that if I lived in his province I should have said the same thing. Conceivably a bonus could be paid to western farmers for as long as five years, the maximum life of a parliament, but I have no doubt that at the first opportunity the people of Ontario and Quebec would vote against the government responsible for such a policy.

This wheat agreement is the worst piece of child's play imaginable. I am surprised that sensible men, after five or six weeks of discussion, should draw up a contract that cannot be enforced. Czechoslovakia, one of the buying countries, has agreed to take

30,000 metric tons of wheat a year. Do honourable senators believe that if Russia has wheat to sell she will allow Czechoslovakia to buy from us?

Hon. Mr. HAYDEN: Is that not in the nature of an allocation?

Hon. Mr. HAIG: That is how the 500 million bushels is made up.

Hon. Mr. HAYDEN: But these countries do not have to take a specified quantity?

Hon. Mr. HAIG: Oh, yes, they do; they have to take 500 million bushels.

Hon. Mr. HAYDEN: But the quantities specified for the various countries are allocations.

Hon. Mr. HAIG: They agree to take the quantities specified.

Hon. Mr. HAYDEN: Is the agreement not an attempt to allocate to the various countries the world supply of wheat?

Hon. Mr. HAIG: No. It covers only 500 million bushels.

Hon. Mr. HAYDEN: To that extent it is an attempt to allocate the supply.

Hon. Mr. HAIG: Yes.

The price of wheat on the world market was at one time $1 a bushel. I well remember the time, and so does the honourable senator for Churchill (Hon. Mr. Crerar), when we thought $1 was a good price. I have seen my father sell wheat at 50 cents a bushel. I recall an occasion in this house when we argued a long time to get the government to guarantee 80 cents a bushel.

Hon. Mr. HAYDEN: But my thought is that if we agree on an allocation of the over-all supply of wheat to the various countries, it is a matter of common sense that they will accept it only as long as it is profitable for them to do so.

Hon. Mr. HAIG: That is exactly what I am saying. The agreement is absolutely unworkable. I contend that these countries will take their allotments only as long as it is in their interest to do so, and when it is to their disadvantage they will refuse them. The same attitude will apply to the seller. If we can sell our wheat for $3 a bushel we may carry out the agreement and give 250 million bushels to the pool at $2, but we certainly will not like doing it.

Hon. Mr. HOWDEN: May I ask the honourable senator whether, if this agreement is workable, it will put us in any worse position than we are in now?

Hon. Mr. HAIG: I answered that question a while ago. The only good thing I can say about the agreement is that I do not think its terms will be carried out. That appears to me to be the best part of it. I am positive that the United States—which is allotted about 180 million bushels—will ratify the agreement only as an attempt to bring about world peace and stability. That country will never approve of it as a business proposition. I believe that public men who, like Senator Vandenberg, are in favour of the United States doing something towards international peace, may be able to convince Congress that the agreement should be ratified on that ground.

Hon. Mr. HORNER: But that country will subsidize its farmers.

Hon. Mr. HAIG: They will be subsidized to the extent of about $1.50 per bushel.

Hon. Mr. ASELTINE: What happened to the London agreements in the thirties?

Hon. Mr. HAIG: They were never carried out.

We have now got as far as the signing of a preliminary agreement. Australia has agreed to it on the condition that the United States participate in it.

I pointed out what might happen with respect to Czechoslovakia buying wheat from us, and I can give instances of other countries in somewhat the same position. For instance, Norway would like to deal with us, but Russia may have something to say about that. So far as Egypt and Greece are concerned, they will buy wheat as long as we give them the money to pay for it.

I am absolutely opposed to this wheat agreement. I think we are just going through a formality that means nothing. We are not even fooling ourselves. I do not think any honourable member of this house expects that the agreement, if ratified, will be carried out. Even if it started to operate, it would last only as long as the participating countries felt that they were operating on an even keel. The minute the price on the open market goes down, the buying countries will cease to buy; and if the price goes up, the selling countries will complain and demand conditions that will make it impossible to carry out the agreement.

Finally, where are the buying countries going to get the money to pay for wheat, unless the United States allows foreign goods into that country? That proposition does not look very promising for the next two years.

On motion of Hon. Mr. Howden the debate was adjourned.

DAIRY INDUSTRY ACT

INQUIRY

On the Orders of the Day:

Hon. W. D. EULER: Honourable senators, before the Orders of the Day are called, I should like to address two questions of a non-controversial nature to the leader of the government in the Senate. They are as follows:

1. Has the government given consideration to the unanimous request of the Senate to refer to the Supreme Court of Canada the question of the validity of the legislation which prohibits the manufacture and sale of margarine in Canada and, if so, what is the decision of the government?

2. If such consideration has not been given, will the government leader in the Senate urge upon the government the desirability of an early decision in the matter?

Hon. WISHART McL. ROBERTSON: My honourable friend was kind enough to acquaint me beforehand with the questions he has asked. Consequently I will lose no time in answering them.

The answer to the first question is "No. There is no decision to report." In answering the second question I may say that in my capacity as government leader in the Senate I consider it at all times my responsibility to urge upon the government the earliest possible consideration of requests made by this august body

DIPLOMATIC SERVICE (SPECIAL) SUPERANNUATION BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 349, and Act to amend the Diplomatic Service (Special) Superannuation Act.

The motion was agreed to, and the bill was read the third time, and passed.

DOMINION ELECTIONS BILL

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of Bill 198, an Act to amend the Dominion Elections Act, 1938.

The motion was agreed to, and the bill was read the third time, and passed.

SALARIES BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 365, an Act to amend the Salaries Act.

He said: The purpose of this bill is to increase the salary of the Lieutenant-Governor of Prince Edward Island from $7,000 to $8,000 a year. As honourable senators are aware, parliament fixes the salaries of lieutenant-governors. These salaries vary from province to province. In Ontario and Quebec they are $10,000, in six other provinces $9,000, and in Prince Edward Island $7,000. Income tax, of course, is paid on these salaries. In some provinces government houses are provided. Such is the case in Prince Edward Island, but the lieutenant-governor of that province personally has had to meet practically all the costs of upkeep and the secretarial expenses. Perhaps the duties of the Lieutenant-Governor of the Island are not quite as heavy as those of his colleagues in some other provinces, but the government felt that parliament should be asked to grant this $1,000 increase in salary because of the rising financial obligations connected with the position. There has been no adjustment of lieutenant-governors' salaries in forty years.

I do not believe that the government can be accused of extravagance in the measure now being presented for consideration. The position in question is an honourable one, and as the stipend has remained so long unchanged, and income tax and other expenditures have increased, it could well be argued that if the institution is to continue and to be within the reach of those in moderate circumstances, the whole salary structure pertaining to these appointments should be reconsidered upon some appropriate occasion.

Reflecting on the general subject, another consideration has occurred to me which I should like to briefly bring to your attention. This bill seeks to amend the Salaries Act, which is the statute under which the salaries of cabinet ministers are paid. What I am about to say will be said on my own responsibility, without prior consultation of any kind with any of my colleagues. I feel no personal embarrassment in raising the matter, because by no stretch of the imagination could the benefits of the proposal apply to me personally.

Of recent years I have been impressed with the large amount of discussion and legislation in relation to retirement pensions. They have become part and parcel of our system of federal government, and, indeed, most of our other governmental systems.

Hon. Mr. HAIG: All.

Hon. Mr. ROBERTSON: The incidence of high income tax, and low interest rates have tended to shift attention from salary levels to adequate retirement allowances. The pension system has been adopted by almost all the

great financial organizations and most of the business institutions of this country, although this development has attracted less publicity than a similar type of provision for the civil service. I am convinced that in the not far distant future the question of some form of contributory pension for everyone will become vitally important, because there is no one but will find, if and when he reaches old age, that his earnings have materially diminished.

Thinking on the matter, it occurred to me that I should take this opportunity to refer to a proposal which is not without precedent in the parliamentary practice of other countries, and which, when the proper time comes, we should weigh with great care. I refer to the question of whether, and under what circumstances and conditions, men who have served the state long and faithfully should not be eligible for some provision for their declining years.

As I have said, the idea is not a new one. It originated, I presume, for the reason that by custom and tradition, an individual who becomes a member of the government must dissociate himself from all business activities, particularly those which are directly or indirectly related to government administration. The whole social structure has changed so materially, and government affects so many businesses, that the requirement amounts to a prohibition of any ministerial association with private business. The high standard of rectitude and integrity which characterizes our public men, whether in the federal or the provincial field, reflects great credit upon themselves and the country. Under the law of Great Britain there is provision for pensions for ministers who have served a certain period of time.

Hon. Mr. EULER: At one time we had a similar provision.

Hon. Mr. ROBERTSON: As my honourable friend reminds me, at one time there was a similar law on our statute books. I looked up the act and read it, and the discussion in connection with it, and with the permission of honourable senators I shall make a few brief references to the debates.

On July 17, 1905, parliament passed a bill entitled "An Act respecting annuities for certain Privy Councillors." The bill provided that every cabinet minister or prime minister who retired at the end of at least five years of consecutive service should upon retirement be paid a life annuity of one-half his salary, less any other salary or pension he might receive from the Crown after his retirement.

The measure was introduced rather late in the session, and I gather from reading the reports that there was no extended discussion of it. Honourable Mr. Fielding, Minister of Finance, introduced the measure, and Sir Robert Borden, then Mr. R. L. Borden, leader of the opposition, also supported it in principle. Apparently between the date of introduction and the following session there was considerable criticism of this measure throughout the country, so much so that when parliament met in the following year Mr. Fielding proposed that the legislation be repealed. This was accordingly done.

During the debate on the motion to repeal the legislation many different views were expressed, but my impression from a careful reading of the report is that, except for one or two members who were opposed to pensions of all kinds and maintained that the right course was to pay higher salaries and let ministers look after themselves, the principle of the measure received unanimous support. Both in and out of parliament there were many suggestions that the legislation had not been carefully considered. There was a proposal that the British practice be followed, but this was brushed aside as being unsatisfactory. Finally, in the session of 1906, the government decided to repeal the bill. Sir Wilfrid Laurier spoke at great length. He took the position that in principle the pension scheme was right, but agreed that the difficulties should be given further study. In concluding the debate Mr. Fielding said:

> The ground on which I favour the repeal of this Act is that it is evidently in advance of the public opinion of the country, and to that public opinion we are all obliged to bow . . . This matter will come up again when some of us are no longer here, and I want to say that this Act will not be repealed with my consent on the principle that pensions are wrong, but simply because it is in advance of the public opinion of the day, and I think we should bow to that public opinion until, by the process of education, the country is prepared to do that which in principle I believe it would be right to do.

Honourable senators, I have only mentioned this because, no matter how desirable it may be, this subject is always a difficult one to put forward for consideration. Honourable senators know that legislation affecting revenues is preceded by resolution emanating from those who would be directly interested. Even though they saw fit, members of the House of Commons would not be in a position to advance such a scheme, because they might be open to a charge that they were ambitious to benefit from it.

Bearing in mind the economy of the country and the trend both in and out of the government service, it seems to me that some group or body could render a useful public

service by inquiring into this matter and, after giving the public an opportunity to express its opinion, making a report. In fact, I would suggest that some time in the future the Senate itself could make such an inquiry. This scheme would not apply to everyone, but I have in mind two or three men who hold positions of great responsibility that it would affect. This is not a political matter, but one involving a principle. I think consideration should be shown to the future of those people who have served their country faithfully and well, and who have reached a time when they can no longer carry on their duties. As I have said, I feel no personal embarrassment because, by no stretch of the imagination could the proposal apply to me.

Honourable senators, for the reasons I have outlined I would ask you to consider, between now and the next session, whether or not it would be worth while to seek public opinion on this matter.

Hon. W. RUPERT DAVIES: Honourable senators, I should like to say a few words about this bill. I did not know that the leader of the government was going to touch on the matter of pensions for cabinet ministers.

I think the salaries of the lieutenant-governors of the provinces of Canada are altogether too small. I was surprised to learn how small they are, and that they have not been changed in forty years. I do not think any of us would care to be earning today the same wages we earned forty years ago. We have raised the salaries of judges and others.

Hon. Mr. HAIG: And our own.

Hon. Mr. DAVIES: Yes, but we do not seem to have done anything about lieutenant-governors. I was further surprised to hear that the Lieutenant-Governor of Prince Edward Island, who is to get the magnificent increase of $1,000 per year, has to pay his own expenses.

I notice that the Lieutenant-Governor of Ontario receives a salary of $10,000. I do not know whether out of that he has to pay his expenses or not. I understand that he gets a small allowance. However, in a big province like Ontario, only a rich man can afford to be a lieutenant-governor these days. This province has been fortunate in having as lieutenant-governors, wealthy men who have done magnificant jobs. I particularly call to mind Lt.-Col Harry Cockshutt, who was Lieutenant-Governor many years ago. He travelled all over the province, visiting civic officials and prominent people in the cities, towns, and villages. Also, at his own expense, he entertained county councillors and others from all parts of the province at a series of luncheons held in Government House in Toronto.

We are fortunate today in having a wealthy man as our Lieutenant-Governor. I understand that he too is doing a splendid job. Nearly every day I read in the newspaper that he and his wife are either entertaining or attending some kind of function. They are both busy people. I am a Liberal, but I do not always agree with some things that Liberal governments do. I strongly disapproved of the action of the Liberal government which came into power in Ontario in 1934, in abandoning Government House in Toronto and closing Ontario House in London, England. I had hoped that when the Conservative party came back into power it would re-open Government House. I had heard from a reliable source that this would happen, but as yet it has not occurred. I hope this matter will be reconsidered and that something will be done about it in the future.

I do not see any reason why any lieutenant-governor should have to purchase a big home —as the present Lieutenant-Governor of Ontario has had to do—in order to entertain the people of his province. I know there was a feeling that Government House in Toronto was just a gathering place for the society people of that city. It was nothing of the kind. But even if it was, what of it? I see nothing wrong with having such social gatherings in our capital cities. We have them here at Ottawa. Every one of us has been invited to a grand affair at Rideau Hall on the first of July next, and I am sure that it will be a very fine occasion. Such events are good for the social life of our country.

I come back to the question of lieutenant-governors' salaries. I know that when dealing with a bill it is not within our power to make an amendment that would cause an increase in expenditure, so I shall merely express my idea in the form of a suggestion. It is that next session the leader of the government try to have another amendment to the Salaries Act brought in, to raise the salaries of the lieutenant-governors of Ontario and Quebec to $15,000 each, and of the lieutenant-governors of the other provinces to $12,000 each. That would increase the total expenditure on this account from $82,000 to $114,000, which is not a large item. I doubt very much that even those salaries would pay the incumbents' expenses. My old friend the late Tom Miller, during the short time that he was spared to occupy the high position of Lieutenant-Governor of Saskatchewan, lived in a hotel; I take it for granted that no Government House was provided for him. Quebec, which is wiser in this matter than we are in

Ontario, has, we all know, a beautiful Government House, on the banks of the St. Lawrence. I have attended a number of splendid functions there. I am a strong believer in the maintenance of our connection with the Motherland, and I think that His Majesty's representatives at Ottawa and in the provincial capitals should each be paid an adequate salary and furnished with an appropriate residence where distinguished visitors can be entertained.

I wish to say a few words about pensions. As the honourable leader of the government (Hon. Mr. Robertson) remarked, our ideas change. In 1905 I was one of a group working hard in a printing office for low wages. We thought it was prudent to save what little we could as a protection against the inevitable day when we could no longer work, but we never dreamed of pensions. In the meantime, and especially during the last ten years, the public have become pension conscious. From my connection with a number of organizations I have learned that people today are in favour of pension plans, particularly plans to which they can contribute.

As to pensions for cabinet ministers, I am in favour of the general idea, though I can see a good many difficulties in the way. For instance, a man can enter the cabinet on the invitation of the Prime Minister to become one of his councillors, and if it any time it is felt that the services of that member are no longer desirable his resignation can be asked for. It would seem to me, therefore, that some minimum term of service should be necessary before ministers became eligible for pensions. I do not know what term might be suggested.

Hon. Mr. QUINN: The Act of 1905 stipulated five years.

Hon. Mr. DAVIES: That does not seem to be long enough; perhaps ten years would be better, although of course some governments do not last that length of time.

However, as I have said, I am in favour of the general principle of pensions. Most of us in this house have lived long enough to have found that nothing is harder to guess accurately than the amount of a certain person's wealth. Too often, I am afraid, we have discovered that men who served the country well have died much poorer than we thought they were. I recall that many years ago, after the death of a man who had long and ably filled a prominent office in the province of Ontario, a subscription had to be taken up for his widow. Here is another instance. A Dominion cabinet minister was generally supposed to be wealthy; but when he died a settlement at so much on the dollar had to be arranged with his creditors. That was told to me in amazement by a friend of mine, the president of the trust company which handled the estate. We have to recognize that these things happen. A man occupying high public office may have little time to look after his personal interests, and at the end of ten or fifteen years of service his estate may be small.

I believe the time has come when every man and woman in this rich country should be able to look forward to an old age free from financial worries. I do not think our old age pension rates today are high enough. Of course, any worth-while increase in the rates would raise the cost to the country by millions of dollars, and we all want lower taxes. Nevertheless, I feel that better provision should be made for our elderly people. We know that many persons, owing to circumstances beyond their control, have been able to put aside but little of this world's goods for their old age. This is particularly true of hard-working men and women who have struggled to give their children a good education, a better start in life than they themselves had. Only last week my attention was drawn to the case of a man and his wife who had put four children through university, and who now, when past sixty, are wondering what is to become of themselves.

I shall support any reasonable scheme of pensions for cabinet ministers who have served a certain minimum length of time. And I hope that next session all the lieutenant-governors will be given an increase in salary.

Hon. FELIX P. QUINN: Honourable senators, I had hoped that when suggesting increased salaries the leader of the government (Hon. Mr. Robertson) and the honourable gentleman from Kingston (Hon. Mr. Davies) would have mentioned one particular public office which I am sure we all agree is entitled to some consideration in this report. I refer to the high and responsible position of Prime Minister of Canada, for which the salary is $15,000 a year. I doubt if any other country comparable to Canada pays its leading statesman such a paltry sum. As honourable members of another place might feel some delicacy in moving to have this matter considered, I suggest it is not only our right, but our duty, to initiate consideration of it in the Senate. I therefore suggest that a bill to increase the Prime Minister's salary should be introduced here next session. The Prime Minister of Canada should receive $50,000 a year. He should get at least as much as the Governor-General, whose stipend is fixed at £10,000.

I bring these matters to the attention of the house and ask the leader of the government to consider them.

Hon. J. A. LESAGE: Honourable senators, I wish to express myself as being in agreement with the honourable leader of the government on this matter. I heartily concur in a plan for the payment of pensions to those who have spent their lives in the public service. Some men who have been members of parliament for twenty or twenty-five years, and may have been ministers of the Crown for two or three years, leave the public service much poorer financially than when they entered it.

In considering pensions for public men we should not overlook the need of providing for their widows. A man who has been in the public service for say twenty-five years may die leaving his widow without adequate means of support. I suggest that provision should be made for the widows of those who have spent a large part of their lives in the public service.

Hon. W. J. HUSHION: Honourable senators, the discussion this afternoon recalls to my mind the Judges Bill passed in this house in 1946, increasing the salaries of judges. Following the passage of that bill all the judges in Canada, except two in Montreal, got the increase. The senior of the two gentlemen I refer to has been on the bench twenty-one years, and the junior fourteen or fifteen years. I have been unable to get a satisfactory answer as to why these two men did not receive the salary increase. One reason given is that their courts have been changed. But they are still judges in the employ of the government, and will likely continue to be for some years to come. I spoke to the officials in the Department of Justice about this matter and I got only a vague answer. I may say that if that is the attitude the department chooses to take it will not help the ministers who are looking for pensions for themselves.

I have wondered whether this body had any means by which it could inquire into the reason for denying the salary increase to these two judges. It would amount to only a few thousand dollars, but I think we should know the reason.

On the question of pensions, honourable senators know that there are thousands of men and women working for the government on a temporary basis who do not participate in the pension plan except for the small deductions taken off their pay. They get no benefits such as sick leave, and they are in constant fear of being let out of the service. There are hundreds of such people in the Post Office Department and the Department of Public Works. I would sooner give consideration to pensions for such temporary employees than for lieutenant-governors or ministers. Surely civil servants have as much right to look to the government for pensions as employees in industry have to look to their employers for similar protection. I hope that some consideration will be given to this question which I raise. I would do my share in any way I could to give the necessary help in this respect.

Hon. J. E. SINCLAIR: Honourable senators, I wish to say a few words in support of the bill, but I do not intend to discuss irrelevancies.

I support this measure to provide for an increase in the compensation of the Lieutenant-Governor of Prince Edward Island, but in doing so I wish to say that the increase should be larger and that there should also be increases for the lieutenant-governors of the other provinces. These gentlemen are working on the same financial basis as their predecessors of forty years ago, and we cannot expect them to continue to do so.

I think special consideration should be given to the lieutenant-governors of Quebec, British Columbia, Nova Scotia and Prince Edward Island, because the capital cities of these provinces are ocean ports. When our naval vessels and those of allied countries call at one of these capital cities the ship's personnel is entertained by the lieutenant-governor. He is expected to give a ball in their honour, and in turn is entertained on board ship. Lieutenant-governors at inland capitals do not have to meet expenses of this nature, but there are other social amenities which must be performed in a manner and style which is in keeping with the dignity of the office of His Majesty's representative in the provinces.

I support the bill, but I do so believing that the increase in compensation is not large enough.

Hon. SALTER A. HAYDEN: Honourable senators, I am heartily in favour of the measure now before us. I also support the views expressed by the leader of the government and some other honourable senators who have spoken.

It must be remembered that the implications which arise from considerations of this nature have many angles. There are features of the matter which extend into the lives and homes of all the Canadian people. If we are to consider providing pensions for those who have served the country well, we must at the same time consider the position of the people whose tax contributions will make possible the distribution of monies for that purpose. Their relative position in the scheme of things has been recognized to some extent in our income tax laws, by making some allowance for con-

tributions towards pensions and old age benefits. But this affects only a portion of the population. There remains the great body of people who are taxpayers, all of whom have to face the possibility of growing old. So the issue is much bigger than that of providing for one, or two, or a number of persons. Its scope is national, affecting all the people, and it must be dealt with on that basis.

In these days the question of security is extremely important. People are subject to high taxation affecting almost every article they need in order to live and carry on their affairs. So my suggestion would be that we should not rush into a commitment with respect to a particular classification or occupation, but should consider the whole sphere of the lives of all the Canadian people, so that any plan we may work out shall be comprehensive enough to assure a decent measure of security for all. It may follow the pattern of our provision for individual cases, but let it be broad and far-reaching; then the quality and intensity of our national thought, loyalty and patriotism will be all that we desire.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 24, 1948.

The Senate met at 3 p.m., the Speaker in the chair.

Prayers and routine proceedings.

INCOME TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 338, an Act respecting Income Taxes.

The bill was read the first time.

The Hon. the SPEAKER: Honourable senators, when shall this bill be read the second time?

Hon. Mr. ROBERTSON: With the indulgence of the Senate, I should like, if possible, to have second reading this afternoon. I would suggest that this item be placed at the bottom of the Order Paper. I hope that by the time we have disposed of the other items we shall be in possession of the printed copies of this bill.

Hon. Mr. HAIG: That is agreeable.

PRIVATE BILL

REPORT OF COMMITTEE—BILL WITHDRAWN

Hon. SALTER A. HAYDEN presented and moved concurrence in the report of the Standing Committee on Transport and Communications on Bill E, an Act respecting the Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of January 29, 1948, examined the said bill, and now beg leave to report thereon as follows:

Application having been made for leave to withdraw the bill, the committee recommended that leave be granted accordingly.

The motion was agreed to.

LORD'S DAY BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 344, an Act to amend the Lord's Day Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 22, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

IMMIGRATION

REPORT OF COMMITTEE

Hon. CAIRINE R. WILSON presented the report of the Standing Committee on Immigration and Labour on the operation and administration of the Immigration Act.

Hon. Mr. MURDOCK: Will the said report be printed in *Hansard,* in order that we may read it?

The Hon. the SPEAKER: If that is the desire of the house, yes.

Hon. Mrs. WILSON: The members of the committee would like to have the report appear in *Hansard.*

The Hon. the SPEAKER: I take it that leave is granted.

Some Hon. SENATORS: Agreed.

(*See appendix at end of today's report.*)

The Hon. the SPEAKER: When shall the report be taken into consideration?

Hon. Mrs. WILSON: Next sitting.

INCOME WAR TAX BILL

REPORT OF COMMITTEE

Hon. J. E. SINCLAIR presented and moved concurrence in the report of the Standing Committee on Finance on the amendments made by the committee to Bill 330, an Act to amend the Income War Tax Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 17, 1948, further considered the said amendments and now beg leave to report thereon.

The report was read by the Clerk Assistant, as follows:

(1) Page 5, lines 38 to 40: Delete "and by deleting the words 'seven per centum per annum' wherever they appear therein and substituting the words 'eight per centum per annum' therefor".

(2) Page 6, line 47: Delete "two" and substitute "one".

Hon. Mr. HOWARD: I think there is some mistake in the reading of the amendments.

Hon. Mr. HAIG: There must be a mistake some place, because the committee refused to consider eight per cent interest on arrears of income tax and the minister agreed to cut it down to seven per cent.

Hon. Mr. SINCLAIR: The first amendment deletes from page 5, lines 38 to 40 of the bill, the words which are set out in the amendment. The second amendment relates to page 6, line 47, and deletes "two" per cent and substitutes "one" per cent.

Hon. Mr. HAIG: That is correct.

Hon. Mr. SINCLAIR: The effect of the first amendment is to reduce the rate of interest from eight per cent to seven per cent.

Hon. Mr. HAIG: The first amendment refers to eight per cent.

Hon. Mr. SINCLAIR: But eight per cent is deleted.

Hon. Mr. HAIG: The Clerk Assistant read, "eight per cent".

Hon. Mr. SINCLAIR: To clarify the matter I shall read the amendments again. They are as follows:

(1) Page 5, lines 38 to 40: Delete "and by deleting the words 'seven per centum per annum' wherever they appear therein and substituting the words 'eight per centum per annum' therefor".

(2) Page 6, line 47: Delete "two" and substitute "one".

Hon. Mr. HAIG: I am satisfied.

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. Mr. BEAUREGARD presented the report of the Standing Committee on Banking and Commerce on Bill 337, an Act to amend the Criminal Code.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 16, 1948, examined the said bill and now beg to leave the report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

MANITOBA NATURAL RESOURCES BILL

REPORT OF COMMITTEE

Hon. T. A. CRERAR presented the Report of the Standing Committee on Natural Resources on Bill K-11, an Act to amend The Manitoba Natural Resources Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 9, 1948, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

Hon. JOHN T. HAIG: Honourable senators, last evening this bill was discussed in committee at very great length, and I want to thank the chairman and the other members of the committee for their very thorough consideration. It was in the best traditions of this chamber. I wish also to thank the members who voted in favour of some of the ideas I expressed. Naturally I am intensely interested in this legislation, for it affects not only the province of Manitoba but—and more intimately—my own city of Winnipeg. It also affects two principles which govern our activities there: that of municipal or public ownership, and that of private ownership.

When the bill had been fully discussed in committee, and a motion was made to adopt it, I moved an amendment calling for further consideration. I do not intend to re-introduce the amendment now, because, as I have stated, the merits and demerits of the bill have been fully canvassed. I am persuaded that every man who voted for the amendment did so because he believed that he was doing so in the best interests of Manitoba, and in particular of public and private ownership in Winnipeg. I am equally convinced that those who voted against it were influenced by the same high motive; and I have no complaint to make about either the discussion or the voting.

With the permission of the Senate I shall read the amendment to which I have referred. I do so because a number of the members, when it was put to the vote, took the side of the minority on the understanding that I would state our position here. It was intended to insert, as subsection 2 of section 2 of the bill, the following:

Provided however that nothing contained in the said agreement shall be construed as authorizing the province of Manitoba to take or acquire any property from the owner thereof compulsorily or by expropriation or by any other means without payment of compensation therefor;

Provided further that the compensation to be paid shall be an amount to be agreed upon between the parties, or, in case of disagreement, shall be settled by arbitration under the provisions of the Arbitration Act of Manitoba or by a court of competent jurisdiction in that province.

I think that amendment should have been made to the bill: it would have been in the best interests of public ownership, private ownership and invested capital in this country.

I realize that legal arguments can be made on both sides. It may be said that Manitoba should have control over its natural resources because—and there is no disputing it—the provinces of Quebec, Ontario, New Brunswick and Nova Scotia have had absolute control over their resources since Confederation. But there is a difference: if the old province of Quebec had granted a power site to a certain company, the Fathers of Confederation would have protected the rights of the company under the transfer. That is what I was seeking to accomplish by this amendment.

However, after the very able cross-examination conducted in committee by a distinguished senator from Toronto, the Premier of Manitoba should realize that in a Senate committee one cannot get away with murder, but has to watch his "P's" and "Q's"; I am persuaded that there will be no act of compulsion, and that the owners of these sites in Manitoba will receive fair compensation.

The Hon. the SPEAKER: Honourable senators, the question is on the third reading of Bill K-11, an Act to amend the Manitoba Natural Resources Act. Is it your pleasure to concur in the third reading of this bill?

Some Hon. SENATORS: Carried.

Hon. Mr. HAIG: On division!

The motion was agreed to, and the bill was read the third time, and passed, on division.

PRIVATE BILL

REFUND OF FEES

Hon. Mr. HAYDEN: Honourable senators, with the consent of the Senate, I should like to move that:

The parliamentary fees paid upon Bill E, an Act respecting the Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company, be refunded to Toronto, Hamilton and Buffalo Railway Company, less printing and translation costs.

The motion was agreed to.

CUSTOMS BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 229, an Act to amend the Customs Act.

He said: Honourable senators, the purpose of this bill is to make certain changes in the wording of the Act to bring it into conformity with changing administrative practices. This involves the repeal of certain obsolete sections and the revision of others. Most of the changes are of a comparatively simple and straightforward nature, such as the substitution of "Tariff Board" for "Board of Customs," in view of the fact that the last mentioned board is now defunct.

The Act has been revised with an eye to the undertakings Canada gave at Geneva, under Section VII of the General Agreement on Tariffs and Trade, concerning the basis of valuation for duty of imported goods. The wording of the Act has been changed to eliminate any conflict with these undertakings, but the changes so made are not of a substantial character. Whatever the final status of the General Agreement may be, the clauses are considered desirable from an administrative point of view. I am advised that while they are not of a material nature, they contribute in every respect to lessening the barriers on the importation of goods.

Honourable senators will recall that under the protocol of provisional application of the agreement, signatory nations were required by January 1, 1948, to put into effect, as far as was possible under their executive authority, the code of trade practices contained in part II of the General Agreement. Accordingly, the changes in customs valuation embodied in this bill have been in effect by order in council since the beginning of this year. It is now proposed to write them into the statutes. Other signatories of the protocol have taken reciprocal action, notably the Government of the United States, which has made certain changes in customs administration under its executive authority. Needless to say, they are limited to changes in administrative practice, and do not include those that would require consideration of Congress.

I may add that the bill as introduced in the other place contained a section arising directly out of our Geneva undertakings affecting the customs treatment of certain goods subject to British preference. This clause proved to be contentious, and the minister consented to remove it from the bill because it was not immediately necessary.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

AGRICULTURAL PRICES SUPPORT BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 392, an Act to amend the Agricultural Prices Support Act.

He said: Honourable senators, as this bill involves certain technical points, I intend to avail myself of the legal talents of the honourable senator from Toronto (Hon. Mr. Hayden). I am sure that he can explain the bill better than I could.

Hon. SALTER A. HAYDEN: Honourable senators, the Agricultural Prices Support Act was passed in 1944. Section 9 provided for the powers of the board.

Section 12 provided that a proclamation of the Governor in Council would fix the date when section 9 was to come into force and the time that it should remain in force. A proclamation issued on the 1st of April, 1946, brought section 9 into force for a period of two years from that date. When the two-year period expired, on the 31st of March, 1948, the government endeavoured to have section 9 continued in force by a further order in council, but it was found that this could not be legally done. Hence we have this bill, which says that section 9 of the Act shall be deemed to have continued in force from the 31st day of March, 1948, until the date that this bill becomes law, and shall continue in force thereafter for such further period as may be proclaimed by the Governor in Council.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time and passed.

CIVILIAN WAR PENSIONS AND ALLOWANCES BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 393, an Act to amend the Civilian War Pensions and Allowances Act.

He said: Honourable senators, this short bill arises out of recommendations of the House of Commons Committee on Veterans Affairs. Its effect is to remove the time limit for applications for pensions by dependents of certain merchant seamen, salt-water fishermen and Royal Air Force Transport Command personnel killed during the war. Owing to lack of knowledge of their rights, or for some other reason, a small number of those dependents who were eligible for pensions under the Act failed to make application within the prescribed time limit of one year. It is felt that they ought not to be excluded from the benefits of the Act on this account, and the bill aims at rectifying this situation.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

DEPARTMENT OF NATIONAL DEFENCE BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of Bill 394, an Act to amend the Department of National Defence Act.

He said: Honourable senators, the purpose of this bill is to release from the Consolidated Revenue Fund certain amounts of money contributed during the war to contingents of the Canadian Officer Training Corps by their members, through assignment of pay and otherwise, and by the public. I am advised that approximately 3 per cent of the money came from the revenue of canteens operated by the Reserve Force of the corps. The contingents were established at universities and other educational institutions, and the money was contributed for such purposes as memorial scholarships and bursaries.

Under the Consolidated Revenue and Audit Act these sums would now be considered public moneys and, without statutory authority from parliament, could not be used for the purposes for which they were subscribed. The bill merely seeks authorization to use the funds as intended. The total amount involved is $317,895.

Hon. Mr. WHITE: I am not sure that I heard what the honourable gentleman said about the 3 per cent from canteen funds. Does that go into the general canteen fund?

Hon. Mr. ROBERTSON: I am glad my honourable friend asked about that. Provision was made last year for administration of the canteen funds of the Active Forces, but the relatively small amount of canteen funds that we are concerned with here belongs to the Reserve Force, and the department takes the view that it could not legally be administered as if it were part of the general canteen fund.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL WHEAT AGREEMENT

MOTION FOR APPROVAL

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson:

That it is expedient that Parliament do approve the International Wheat Agreement opened for signature at Washington on March 6, 1948, and that the Senate do approve the same.

Hon. J. P. HOWDEN: Honourable senators, since the house adjourned yesterday afternoon I have gone over this wheat agreement and also have endeavoured to refresh my memory about matters connected with the grain trade; but after due consideration I concluded that I was not in a position to throw much light on the agreement and that therefore it would be folly for me to burden the house with lengthy remarks. I find myself in substantial agreement with the leader of the government (Hon. Mr. Robertson) and the leader of the opposition (Hon. Mr. Haig), who differed only in that one favoured the agreement altogether, whereas the other was not so favourably inclined towards it.

Honourable senators, it is purely and simply an agreement; it is not a contract. I might say it is a gentlemen's agreement. Based on the principle of "better half a loaf than no bread", I am inclined to support the agreement. The countries which are prepared to produce and sell wheat have agreed with the buying countries to supply 500 million bushels at stipulated prices and under certain conditions.

One should compare the present conditions respecting the wheat trade with those of the thirties, when the farmers burnt their grain for fuel and Canada had accumulated 500 or 600 million bushels of unsaleable wheat. Surely it is better to enter into an amicable arrangement with these countries who are prepared to buy our wheat than to return to the conditions of the thirties. At that time the people overseas were starving for wheat and were blaming the shortage on economic nationalism. I think that certain elements in the Canadian grain trade were to some extent blameworthy for those conditions.

It was commonly rumoured on the streets of the city from which I come—so frequently referred to by the honourable leader opposite—that certain persons engaged in the wheat trade had put their heads together with some American operators and agreed to corner the wheat market and control the price. We all know the resentment that engendered on the part of the nations across the sea. We also know that England plowed up her vacant land for the purpose of securing her own food supply, and that Italy utilized her vineyards for the growing of wheat. I think that if the proposed arrangement is not entirely satisfactory to those engaged in the wheat trade, they themselves are to some extent to blame.

The proposed agreement is the result of the best efforts of many eminent individuals who are trying to avoid a recurrence of the conditions which prevailed in the thirties. Even before the thirties the grain trade was not good. Surely such an agreement is to our advantage and worth while.

Hon. R. B. HORNER: Honourable senators, I have only a few words to add to the debate. I come from Saskatchewan, which produces more wheat than any other province in Canada, and for the past forty years I myself have been struggling to grow wheat.

I have always been amazed at the strong interest of people who do not grow wheat in handling it or giving it away. I should like to ask the leader of the government whether over the past few years the lake shippers, the railways and the brokers have made a sacrifice comparable to that of the wheat farmers. I remember the time when Swedish bottoms carried wheat from Fort William to Liverpool for five cents a bushel. The rate on the lakes is now about ten cents a bushel, and apparently that is not enough.

The question of the transportation of grain is of considerable interest to me. Honourable senators who are not familiar with distances in the West should take note that all agreements are based on price at Fort William. The producers in my province, whether their product is shipped to Vancouver or Fort William, pay more freight than anyone else. We are about half way between the two points. Due to the difference in freight alone, a shipper from Winnipeg would get at least ten cents a bushel more than I would get.

This agreement only indicates an intention to do something. As the previous speaker said, it is not a contract. Because of the difficulty of producing wheat from year to year it may well be necessary to vary the price. While I am not arguing against stabilizing the price for the western farmer, I am not entirely satisfied with the prices that are put forward in the agreement.

The honourable senator from St. Boniface (Hon. Mr. Howden) spoke about the bad conditions of the thirties. Those conditions were

brought about by the fact that we had no trade agreements, and that such countries as France and Germany had tariffs against our wheat.

Hon. Mr. HOWDEN: The grain trade went bad before the depression.

Hon. Mr. HORNER: While I am not defending the grain trade—

Hon. Mr. ASELTINE: You mean the pool.

Hon. Mr. HORNER: —I think the fact that we had no trade agreement was to blame for those conditions. The whole world was in a state of stagnation at that time. I think it was in 1932 that wheat hit its low point. I know I sold some at 64 cents and some at 70 cents. About that time I visited Iowa, and the corn growers of that state had the biggest crop in their history. Their cribs were full, but there was no market for it. I asked one grower if he could not sell some of his corn. He replied, that a few feeders would buy some at seven cents a bushel.

I am tired of hearing the party I have had the honour to follow criticized because of conditions in the hungry thirties. The few Tories in Canada did not control the whole world, but they have been blamed for a world condition.

Hon. Mr. HOWDEN: I did not blame the Tories.

Hon. Mr. HORNER: This agreement looks to me like so much camouflage. We hear great stories about the international wheat agreement that the government has presented. I point to the Bretton Woods Agreement concerning money matters and ask honourable senators what it has amounted to. What power has a small country like Canada to enforce the terms of the agreement, even if we do ratify it? I think it is so much whitewash.

Hon. Mr. ASELTINE: You mean "eyewash".

Hon. Mr. HORNER: I have no faith in the agreement, so far as we are concerned.

Hon. Mr. T. A. CRERAR: Honourable senators, I fear that I must differ with my good and genial friend from St. Boniface (Hon. Mr. Howden). It is true that the conditions which obtained on the prairies in what are called the black thirties led to much discussion as to how a recurrence of those unfortunate conditions could be prevented. But I think it is wholly fallacious and mistaken to give the impression or adopt the conclusion that those conditions were in any way due to grain traders in Canada and elsewhere putting their heads together in a sort of conspiracy against the world. That is not so. The adoption by European countries of flagrant policies of political and economic nationalism was the main factor which contributed not only to the low price of wheat in the thirties but to the great depression which swept over the whole world at that time.

Hon. Mr. HAIG: Hear, hear. Hear, hear.

Hon. Mr. CRERAR: Countries like France, and particularly Germany and Italy under totalitarian regimes, raised to prohibitory levels their tariffs against the importation of foreign wheats; and naturally, when these insuperable barriers were erected by countries upon which we largely depended for the sale of our surplus production, our wheat did not move normally in the ordinary channels of international trade. It is quite true that these European countries plowed up their parks and their grass lands and cultivated wheat, and the reasons are those that I have just given; but behind this policy, unquestionably, was a fear in the minds of their governments that if another war should happen to break out, they would be unable to feed their peoples. The measures they adopted were intended to provide against that contingency.

Hon. Mr. HAIG: Hear, hear. I have made that speech a dozen times.

Before the honourable senator continues, may I ask him what organizations in the early thirties held large amounts of wheat in Western Canada and got caught very badly.

Hon. Mr. CRERAR: I know the organizations which my honourable friend has in mind. I think it is historically correct to say that in 1928, and 1929, particularly, and also in 1930, the wheat pools of Western Canada thought they could override the old economic law of supply and demand, and, by holding back wheat from the market, push the price upward. Of course in the end that policy was bound to fail; but it failed largely for the reasons I stated a moment ago.

Hon. Mr. HOWARD: What the honourable senator says does not apply only to wheat.

Hon. Mr. CRERAR: Let us take a look at the agreement which at the moment is before us. It is not a product of recent vintage; indeed it might almost be said to be "lost in the mists of antiquity". At any rate, the story extends back at least fifteen years. I would remind my honourable friend the leader of the opposition (Hon. Mr. Haig), who was very critical in his remarks about the agreement, that it was the government which he supported, and which held office from 1930 to 1935, that set Canada upon the course of trying to get an international wheat agreement.

In 1933 the four large exporting countries, namely Canada, the United States, Australia and Argentina, sought to arrive at an international wheat agreement which would solve all the problems of producers and consumers.

Hon. Mr. HAIG: Won't you let me be wrong once in a while?

Hon. Mr. CRERAR: Yes, I am quite willing to concede that much. The story is an interesting one, and I think I could talk for at least half an hour about the many attempts which were made to bring about a wheat agreement. The idea had its genesis in 1933 in the city of Washington, and was the product of the fertile imaginations of economic planners who had never grown and never marketed a bushel of wheat, but who deemed themselves capable of solving this great problem. From that time to the present, effort after effort has been made to bring about an international wheat agreement. Heretofore all these attempts have failed; and as to the present agreement I am not nearly so optimistic or so hopeful as was the honourable leader of the government (Hon. Mr. Robertson), who introduced it yesterday.

Hon. Mr. HOWARD: It is just a start.

Hon. Mr. CRERAR: The fundamental difficulty, of course, is that, in bringing together exporting countries and consuming countries, you are endeavouring to reconcile two wholly conflicting and opposed interests. Naturally the exporting countries wish to secure as good a price as possible for their producers of wheat. No less naturally and understandably, the importing countries want to buy wheat as cheaply as they can. So, in all these conferences—I do not know how many have been held—one finds this process of see-sawing between consumer and producer. But apparently, in the measure before us, that difference has been to some extent overcome.

As the leader of the opposition (Hon. Mr. Haig) stated yesterday, the agreement covers a total of 500 million bushels. That amount is less than one-tenth of the total wheat production of the world.

A moment's attention should be given to the thirty-three importing countries which have signed the agreement. Who are they? First in alphabetical order is Afghanistan. That state has undertaken to purchase the magnificent total of three-quarters of a million bushels.

In this list I observe five importing countries which are going to purchase under a million bushels. The prize goes to Liberia, a country situated somewhere in the western part of Africa. Liberia has agreed to purchase only 37,000 bushels, which even the warmest advocates of the agreement will admit is not of much importance. This list shows only two or three countries which would be of any real value to Canada as substantial outlets for our wheat production. What guarantee have we that these countries will live up to their obligations? I searched the agreement from beginning to end, but nowhere did I find any suggestion that a penalty or sanction would be imposed if a country defaulted on its part of the agreement. Let us take a country like—

Hon. Mr. HAIG: Czechoslovakia.

Hon. Mr. CRERAR: No, I am not taking Czechoslovakia. I shall use a better illustration. Let us take a country like Colombia in South America. That country pledged herself to purchase several million bushels of wheat under this agreement. Supposing six months after the agreement is ratified by all the countries—if it ever is—Colombia says, "We do not like it. We can buy wheat cheaper elsewhere and we are going to do so." There is not one country on this list which, if wheat is offered to it at a cheaper price than it has to pay under the terms of the agreement, may not push the agreement aside; and there is absolutely nothing that this glorified body called the International Wheat Council which was set up by the agreement can do about it, except hold meetings and protest and spend a good deal more of the taxpayers' money chasing another will-o'-the-wisp. That is just about what it amounts to.

Another significant fact is that of the exporting countries only three are signatories to this Wheat Agreeement: Canada, the United States and Australia. The Argentine and Russia are the two other large potential suppliers of wheat in the world. Russia will come back to be a wheat exporting country again as she was before the first World War. Suppose that Argentine crops are rather plentiful and that she offers to sell wheat to Italy at 15 or 20 cents a bushel cheaper than Italy could buy it under this agreement; and let us imagine that Italy is hard-pressed for foreign exchange, as she will be for many years to come. There is nothing in this agreement to bind Italy, or other countries in the same position, to carry through their part of the agreement. I think I am well within the mark when I say that the whole agreement rests on a flimsy and shadowy foundation.

Hon. Mr. HOWDEN: Would the honourable senator suggest any means by which this country could be forced to buy the wheat?

Hon. Mr. CRERAR: Yes. You could send a navy to bombard their coast or an army to invade their country. I know of no other way, unless you applied economic sanctions against them. That probably would not bother them very much, and to do it, agreement would have to be reached among all the contracting countries. Honourable senators, I think it is foolish to enter into agreements unless there is a reasonable prospect that they will be carried through.

I also have criticism to make of the terms of the agreement. The maximum price of the wheat under the agreement is $2 a bushel. If Canada, Australia and the United States finally go into this, at no time during the currency of the agreement can they get more than $2 for the quota they have agreed to supply under it.

Hon. Mr. EULER: Does the honourable senator think it possible that Canada would not live up to the agreement, and would refuse to sell the wheat under it because she could sell at a higher price to somebody else?

Hon. Mr. HOWARD: No.

Hon. Mr. CRERAR: I would not make a comment on that.

Hon. Mr. ASELTINE: You would not want to admit that anyway.

Hon. Mr. CRERAR: No, as a good Canadian I would not want to admit that.

Hon. Mr. EULER: My thought was that if one side did not want to live up to the agreement the other side would not have to.

Hon. Mr. CRERAR: The floor price changes year by year until 1935, when it goes down to $1.10.

Hon. Mr. ASELTINE: That is f.o.b. Fort William.

Hon. Mr. CRERAR: If during the next four or five years there is a world failure of wheat crops and that commodity becomes scarce, the market demand will be strong. Outside of this wheat agreement prices will go up to, say, $2.50 or $3 a bushel, but under the agreement we would be still committed to sell our wheat at $2 a bushel. We had an experience of that under our wheat agreement with the United Kingdom. The United Kingdom wheat agreement was a short sale of 600 million bushels of Canadian wheat, to be delivered over a period of four years. We had to honour our part of the agreement; we could not do otherwise because the good faith of Canada was pledged. In the first two years of the contract we sold wheat to Great Britain at $1.55 a bushel. In the next crop year, commencing August 1, we will get $2 a bushel. What we shall get in the final year remains to be seen. In my judgment, the farmers of this country who produce wheat have lost, since the beginning of the United Kingdom wheat agreement, through Canada honourably living up to it, over $300 million. The bread consumers in Great Britain were subsidized because Britain, while buying wheat from Canada on a basis of $1.55 a bushel at Fort William, was paying more than half as much again for supplies secured outside of Canada. Not only did we subsidize the bread consumers in Britain, but we subsidized the bread consumers in Canada—

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: —because the flour that was converted into bread and sold to Canadian consumers was made out of wheat on the basis of $1.55 a bushel.

Hon. Mr. HORNER: There was one time when the basis was 75 or 78 cents.

Hon. Mr. CRERAR: And I think it was $1.25 in the first year.

Hon. Mr. HAIG: The honourable senator from Churchill (Hon. Mr. Crerar) made a statement that I think is factually incorrect. I know he did not do so deliberately. During the first year of the United Kingdom wheat agreement the bakers of Canada paid only 77 or 78 cents a bushel for their wheat, and the difference between those prices and $1.25 in the first year and $1.55 in the second year, was made up by the rest of Canada.

Hon. Mr. CRERAR: Of course that bonus had obtained for years. The point I am endeavouring to make is that the farmers received the first year $1.25, I think—

Hon. Mr. ASELTINE: It was $1.35 the first year and then $1.55.

Hon. Mr. CRERAR: Yes. And I called attention to the fact that the bread consumers of Canada got the benefit of those prices, because Canadian mills were charged for their wheat the same price as was charged to Great Britain. I venture to predict that in a few years' time parliament may hear about that. My contention has always been that if, as a matter of high public policy, Canada desired to assist Great Britain by providing her with wheat at a reasonable cost, the wheat growers should not have been asked to bear the whole burden, but that it should have been distributed over the whole population.

Hon. Mr. HORNER: Hear, hear.

Hon. Mr. CRERAR: I have said enough, I think, to indicate to honourable senators that I am not at all enamoured of this agreement. As a matter of fact, I do not think the agreement will ever come into effect.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. CRERAR: I say that for this reason. The United States Senate, after having had the matter under consideration for some little time, failed to ratify the agreement. There is hope that the Senate will ratify it, but I venture to think that in the light of existing political conditions in the United States there is not a very good chance of ratification by the United States Senate.

Hon. Mr. DAVIES: As one who knows nothing about either the growing or the marketing of wheat, but is very interested in this debate, may I ask the honourable gentleman what he suggests as an alternative to this agreement?

Hon. Mr. CRERAR: First I want to continue my remarks. I have just pointed out that up to the present time the United States have not ratified the agreement. Australia has ratified, but its ratification is conditional upon ratification by the United States. Personally I should like to have seen in this agreement a provision of that kind applying to Canada, although I do not know that it matters a great deal. Certainly, if the United States fail to give ratification, the agreement will fall by the wayside.

The question raised by my honourable friend from Kingston (Hon. Mr. Davies) is an interesting one, but let me ask this: Can we in the long run treat wheat any differently from any other commodity? It may be approaching heresy to ask that; but I have always believed that through the development of their co-operative organizations the wheat producers, particularly those in the West, could cut the cost of marketing to the lowest possible point. They could, if they wished, ultimately control the marketing of wheat. Indeed, with the power that they have got they could, if properly organized, do that today.

I think, too, that our wheat producers need to pay a great deal more attention than in the past to the costs of producing wheat; and in those costs I include efficiency in management and sound farming practice as two of the important factors. In the future are we going to the subsidizing of wheat? I do not know. But I think that if we enter upon that pathway it will lead us to a great deal of trouble. I am one of those who believe that a government cannot play favourites. You cannot hold an umbrella over wheat without holding it over oats and barley; nor over grain and not over livestock; nor over grain and livestock and not over fruit. The danger is that if we start in that direction we shall become enmeshed in a system of government controls, and that finally the government will have to assume all control over all production and tell every producer what he has to do. That is something that I hope will never happen in this country.

I am afraid that I have spoken rather discursively. I do not think this agreement will amount to anything. In the end it will probably be about as successful as the fabled pursuit of the Holy Grail, sought after by many earnest men, but always without avail.

Hon. FRED W. GERSHAW: Honourable senators, I realize that those who have already spoken in this debate are much more competent to speak on the wheat question than I am, but there are a few points that have not as yet been brought out. In the first place, representatives of thirty-six countries gathered to make this agreement, and I think we must assume that each representative had his country's welfare at heart. And while there has been a good deal of criticism of the prices fixed for wheat, I think we must take it for granted that our representatives got written into the agreement the best prices that it was possible for them to obtain. It is of course unfortunate that Russia and Argentina, wheat exporting countries, are not parties to the agreement. For as long as I can remember, the wheat producers and officials of their organizations have been dissatisfied with the methods of marketing grain. They have always felt that unduly large profits were made by the handlers of grain—by speculators if you will—on the grain exchange, and that the producers did not get a fair reward for their work. As the honourable senator from Churchill (Hon. Mr. Crerar) pointed out, for fifteen years they have been advocating international agreements as means of stabilizing the wheat price. They have argued that agreements fixing prices for certain defined periods would be advantageous alike to selling countries and buying countries. The honourable gentleman recalled having sold wheat for as little as 17 and 26 cents a bushel at the place of production. Other ruinously low prices have obtained from time to time, and I take it that the agreement before us represents a sincere effort to fix ceiling and floor prices for our exportable surplus of wheat over the next five years, so that during that period our producers may be able to look forward to some measure of stability.

A good deal has been said about the losses sustained by our producers because of the United Kingdom wheat agreement. Certainly there have been some losses, but we must remember it has been stated that no country received a higher price for its 1945 crop than did Canada. Participation profits on the 1945-46 crops are still to be paid, so it would seem that as yet we are hardly in a position to speak definitely about losses under that agreement. Besides, there may be some question as to whether Chicago quotations on wheat correctly represent world prices.

On two occasions during the debate question has been raised as to whether the countries whose representatives have signed the agreement will carry it out. There is always some doubt about any bargain. We should at least assume that these countries are acting in good faith, and that unless something unforeseen happens they will honour their agreement. I would not like to think that the standards of the world have so deteriorated that a country will keep its agreement only when it is advantageous to do so.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? This agreement provides that Czechoslovakia is to take a certain quota of our wheat. Do you think she will buy her wheat from us or from Russia?

Hon. Mr. GERSHAW: I am sure some other honourable senators are better qualified than I am to answer that question, but I assume that when our representatives sat across the table from the representatives of Czechoslovakia and negotiated this agreement, they were satisfied that it would be carried out.

Hon. Mr. HAIG: But that country is now under another government.

Some Hon. SENATORS: Question!

Hon. WISHART McL. ROBERTSON: Before the question is put I wish to say a word or two. I would remind the honourable leader opposite (Hon. Mr. Haig) that I prefaced my earlier remarks by saying that because of certain difficulties I was not at all sure that the agreement offered the best possible solution. In challenging the agreement and the able pamphlets which have been prepared on it without suggesting some alternative, my honourable friend is assuming a great responsibility. In this connection the honourable senator from Kingston (Hon. Mr. Davies) put a most pertinent question to the honourable gentleman from Churchill (Hon. Mr. Crerar). The view of the leader opposite seems to be that we should continue indefinitely the policy with respect to wheat, and other matters, which was followed in 1929 and 1930. It is my humble belief that if society and governments are not able to work out some better arrangement than existed then, we are in for serious consequences. I agree with anyone who says that the best possible solution would be to put wheat trading on a world-wide multilateral basis, thus permitting those countries which have wheat to trade it freely with other countries in exchange for their goods.

Hon. Mr. CRERAR: That is the only solution.

Hon. Mr. ROBERTSON: But the view that we should do nothing because this agreement does not present a perfect solution, does not meet with the approval of the vast majority of Canadians today.

It may be the policy of the party opposite to bow down to private enterprise, and to look upon the conditions in 1929 as being ideal. If that is the policy of my friend's party it is a dangerous one, and I suggest that that may be one of the reasons why the fortunes of the party are so low today.

The leader opposite said the other day that there had recently been a black Tuesday for both the old parties in Canada. I believe it was considerably blacker for my friend's party than for the party to which I belong. The Honourable George H. Murray of Nova Scotia used to say that a government began to die the day it was formed. It would be unnatural if the government which had the responsibility of administering the affairs of this country throughout the war and afterwards did not meet with at least temporary setbacks as far as the electorate is concerned. I had some experience in political matters before I became a member of the government. For a time, I was president of the National Liberal Federation, and as such visited all parts of Canada. For about eight or nine months before the 1945 election took place I heard so much complaint about price control, beer control, conscription and other questions that I thought the Liberal party was going to be obliterated at the polls.

Hon. Mrs. FALLIS: May I ask the honourable senator what his remarks have to do with the resolution? He is making a speech that should be delivered on the hustings and not in the Senate of Canada.

Hon. Mr. ROBERTSON: I am answering the honourable leader opposite.

Hon. Mrs. FALLIS: The leader should be answering the honourable senator from Churchill (Hon. Mr. Crerar), who is a member of his own party.

Hon. Mr. ROBERTSON: My friend from Churchill may hold any views he wishes. I am simply pointing out the responsibility that rests upon anyone who criticizes the agreement and fails to offer an alternative proposal.

The leader opposite and my friend from Churchill both expressed a pessimistic view about what the United States may do in the way of ratifying the agreement, and while I am no better qualified than they are to guess at what that country will do, I would point out that the program of the Republican party today contemplates an agricultural support act. That may mean that they will buy certain goods from other countries. If the time comes when the United States has a large surplus of wheat over its domestic requirements, the government of that country would be compelled to take the action which this agreement contemplates.

The leader opposite said that certain countries would buy wheat so long as the United States gave them the money to pay for it. True, that is the temporary situation. My friend from Churchill referred to such countries as Afghanistan and Liberia. I was surprised to hear one who believes so fundamentally in the principle of multilateral trade, and the removal of barriers, refer slightingly to the buying powers of these small countries. I hope they will be able to buy our wheat because we will buy their goods. Whether that can be accomplished or not, only time will tell. But to criticize the agreement because this or that country has not subscribed, is a dangerous doctrine.

I submit in all sincerity that this country owes a great debt of gratitude to the farmers for their acquiescence in the prices obtained for agricultural products. We can only hope that normal conditions will soon return, and that with the passing of these agreements the law of supply and demand will become effective, to the great advantage of everybody.

The Hon. the SPEAKER: Honourable senators, is it your pleasure to concur in the resolution?

The motion was agreed to.

INCOME TAX BILL

SECOND READING

Hon. Mr. ROBERTSON moved the second reading of Bill 338, an Act respecting Income Taxes.

He said: I have asked the honourable senator from Inkerman (Hon. Mr. Hugessen) to explain this bill. Before he does so, may I address myself to a question which was asked by an honourable senator, and say that as far as I know it is the desire of the government that the bill should be passed this session. I regret exceedingly that it did not come to us sooner, but that is due to conditions which are not under my control. If, after the explanation by the honourable senator from Inkerman, the house sees fit to give the bill second reading, it is my intention to move that it be referred immediately to the Standing Committee on Banking and Commerce. I would suggest that that committee begin its work this evening, and inasmuch as practically all our other committee work has been disposed of, that we sit tomorrow morning, tomorrow afternoon and tomorrow evening, if necessary. What we do after that might be governed by circumstances having relation to the time factor, or the probable date of prorogation.

While the number of sections gives the bill a formidable appearance, those who are better informed about it than I am advise me that considerable portions of the bill are in the main reproductions of the existing act. Probably these sections could be disposed of in a minimum of time and the committee's attention concentrated on the clauses which embody new matter.

I will conclude by reminding the house, as I have done before under similar circumstances, that it is for this house to decide how much time we should allot to the consideration of the legislation before us, and we need not report back, nor concern ourselves about prorogation, until we are through this business. In so doing we are acting within our powers. I am ready to do anything I can to expedite consideration of the bill and to provide all the time the committee may require.

Hon. Mr. HAIG: May I be allowed to say a word about procedure? There should be a common understanding on two or three matters. First, our consent to second reading should not be taken as implying support of the bill, because we have not had a chance to study it. Second, there should be no attempt in committee to hurry the bill through. My third suggestion is that, instead of the committee beginning its sittings this afternoon, it should commence at 8 o'clock this evening, and resume tomorrow morning.

I do not intend to speak on the subject-matter of the bill, but I believe I am in order in saying a word at this time. Although there are provisions in the bill which in my opinion should be changed, I believe—and I think I speak also for our party—that it should be passed this session if possible. My reason for saying this is the fact that the bill will come into effect on the first of January next, and between now and then the public should have a

chance to study and understand it. They would then be in a position to suggest at the opening of next session, which will not be later than January, what amendments should be made. If we do not pass the bill at this session everything will be "up in the air" again.

I sincerely protest against a bill of this importance coming down at this time of the session.

An Hon. SENATOR: That is not our fault.

Hon. Mr. HAIG: I know it is not your fault, but it is the fault of the government for not having brought it in earlier. It is not right that a bill of this kind should be introduced in the closing days of the session.

The distinguished senator from Waterloo (Hon. Mr. Euler) was chairman of a committee on income tax which served over a period of years and did a great job; and having read the original draft of the bill, I am persuaded that in a good many of its recommendations it embodies the conclusions of that committee. I hope the leader of the government can give assurance that we shall not be bound by the second reading of this bill, and that sufficient time will be given to the committee to deal with it.

Hon. Mr. ROBERTSON: I am entirely in agreement with those suggestions. I was informed that copies of the bill as amended would be available a few minutes after the house opened, but our staff work does not seem to be as good as it should be, for the copies have not yet been delivered. Under the circumstances the best I could do was to supply one copy each to the leader of the opposition (Hon. Mr. Haig) and the honourable senator from Inkerman (Hon. Mr. Hugessen). I ask the indulgence of the house to permit the honourable senator from Inkerman to make what I know will be a very clear explanation of the measure. As soon as other copies arrive they will be distributed.

Hon. A. K. HUGESSEN: Honourable senators, this is a very important bill, and one in which I think the members of this house can take a good deal of satisfaction. The honourable leader of the opposition (Hon. Mr. Haig) referred to the special Senate committee on income tax which, under the able chairmanship of the honourable senator from Waterloo (Hon. Mr. Euler), sat during the whole of the sessions of 1945 and 1946. I think the leader opposite is quite right in saying, and I am right in repeating, that this bill results very largely from the labours of that committee. I propose as I go along to refer to the work of the committee in relation to the particular features of the bill which I am discussing.

This is a bill to consolidate and to clarify our income tax legislation. That is really a prime necessity. May I remind the house that our first income tax bill was introduced in the year 1947? Every year since that time amendments, some of great importance and some of considerable complexity, have been stuck into different parts of the act, until it has become what I might almost describe as an amorphous and formless mass. This is the first attempt in thirty years to reduce our income tax law to clear and ordered sequence. I do not think we should underestimate the difficulty which faced the drafters of this bill in attempting to bring that condition about. The bill represents the result of years of work by departmental officials who were charged with the preparation of it, and I think it is only fair to them to offer them at this stage a word of congratulation on the job which they have managed to do.

May I refer for a moment to the history of this measure? It was alluded to by the leader on the other side. Honourable members will recall that it was introduced towards the end of the session of 1947 by the Minister of Finance. As he then said, there was no idea of passing it at that time: it was introduced so that in the interval before this session it could be considered and discussed in detail by the public and, in particular, by the bodies and the individuals that are specially interested in it. And that is just what has happened. The Minister of Finance stated in another place that since the introduction of the bill in June 1947 he has received suggestions from coast to coast, to quote his own words, "from practically every organized group in the country". In his statement the minister referred particularly to studies made and to suggestions received from a number of organizations whose names are familiar to this house as having appeared before our committee two years ago, such as the Canadian Bar Association, the Dominion Association of Chartered Accountants, the Canadian Chamber of Commerce, the Canadian Tax Foundation, various Boards of Trade and a number of labour organizations. The minister has had the advantage of the representations made to him by these various bodies since last summer, and the bill, revised and improved, has taken shape in the present measure.

I do not propose—I am sure to the relief of my honourable friends—to go into the bill in great detail. It is a complex measure and its details are more properly susceptible of consideration in committee. I should like, however, to remind the house of a few of the

general objectives which the Senate committee, under the chairmanship of the honourable senator from Waterloo (Hon. Mr. Euler), reported as being desirable, and to indicate how far those objectives have been attained in the bill now before us.

In the first place, the committee urged the provision of cheap, easy and expeditious machinery for appeals by taxpayers who feel themselves aggrieved. This is accomplished by the setting up of the Income Tax Appeal Board under the provisions to be found in division I of the new Act at sections 76 and thereafter. This board is to consist of not less than three and not more than five members. The important factor is that an appeal can be lodged before the board upon deposit of as little as $15. Honourable members will recall that in the special committee one of the greatest complaints heard against the present Act was that the Exchequer Court of Canada was the only independent tribunal for hearing an appeal, and in order to make an appeal to that court a taxpayer had to give security to the extent of $400, a sum beyond the means of many people with small earnings in this country. It is true that provision for this Income Tax Appeal Board first appeared in the budget legislation of 1946, but the board was not appointed. This year the salaries of the prospective members of the board have been increased. All one can say on this branch of the subject is that the bill now before us does contain a satisfactory provision for appeal, as urged by the Senate committee. I venture to hope that there will be no further delay and that the Board of Income Tax Appeals will be appointed forthwith.

The second objective which the Senate committee considered to be desirable was that the income tax law should be simplified and clarified. I repeat those two words—simplified and clarified—because they do not mean quite the same thing. I think the draftsmen of this measure have succeeded in clarifying the legislation, but I doubt whether they have been able to make it any simpler. I think we have got to admit that in our modern complex civilization you can only have two kinds of income tax law: it can be simple or it can be just, but it cannot be both. Let me give an example of the sort of thing I mean. I suppose the simplest kind of income tax law would be one which declared that every citizen of the country should pay ten per cent of his income to the government. That would be simple, but I doubt whether anybody would say that it was just.

Hon. Mr. HAYDEN: I am sure a great many people would say it was just.

Hon. Mr. HAIG: The majority would.

Hon. Mr. ASELTINE: I would be satisfied.

Hon. Mr. PATERSON: So would I.

Hon. Mr. HUGESSEN: I think my honourable friends are the exceptions that prove the rule. A great majority of people when faced with simple income tax of that kind would begin to have these considerations in their minds. Firstly, they would say it is not just that a man with an income of $2,000 a year should pay tax at the same rate as the man with an income of $20,000 a year. Therefore you would put into your law a graduated scale of rates. Then you would consider that a man with a wife and family has more obligations to fulfil than a single man without a family. Therefore you would put into your law provisions for a larger allowance to the married man and an additional allowance for each child that he has to support.

Hon. Mr. HORNER: May I ask my honourable friend—

Hon. Mr. HUGESSEN: I would say to my honourable friend that it is rather difficult—

Hon. Mr. HORNER: I would just like to ask my friend how a single man can marry when he is taxed to such an extent that he is unable to build a house.

Hon. Mr. HUGESSEN: It is rather difficult to explain this complicated bill, and I would appreciate it if honourable senators would wait until I have finished before asking questions.

Then you would begin to say that there are other people who have the same obligations as a man with a family—widows, widowers, and people supporting children who are their relations. So you would put in a provision to give them the same sort of allowance as you give to a married man. Then you would say that perhaps it was only fair that a man who derives his income from inherited wealth should pay a little more tax than a man whose entire income is derived from his own exertions, and you would put an additional tax on investment income. Then you would consider whether it would not be advisable in the public interest to encourage people to contribute to charities, and you would provide that a certain proportion of income, if given to charities, would be tax free. Then there are certain people with whom we are all in sympathy, such as the blind and aged, and you would make special provisions in favour of them. Again, some people are extremely unfortunate in that they have unusual medical expenses to meet in the course of the year, owing to the illness of themselves, their wives,

or their families. So you would make a special provision for them, and so on, and you would go on revising the law. I think we all admit that these are admirable and fair provisions, and that by inserting them in the law we are getting nearer and nearer to justice. At the same time we are getting farther and farther away from simplicity.

The examples that I have given only relate to personal income tax; but in the field of corporation income tax there are even more complicated and difficult situations for which you have to put into your law special and even very intricate provisions. So I think we must make up our minds that we cannot have an income tax law which is at once simple and just, and that the best we can hope for is clarity. I think it will be generally agreed that clarity has been achieved in this bill. I feel it is not too much to say that the Act, in its present form, is a mess. The bill contains a complete and logical re-arrangement of the Act, and will at least make it much easier hereafter to find particular sections of the law to which reference is desired.

Now may I for a few moments refer to the bill itself? It is divided into seven parts. The first and by far the longest part, comprising sections 1 to 95, deals with the income tax itself; Part II, comprising sections 96 to 99, deals with the tax on non-residents; Part III, comprising sections 100 to 104, deals with the gift tax; Part IV, comprising sections 105 to 124, deals with administration and enforcement; Part V, being sections 125 and 126, contains special provisions regarding tax evasion; Part VI is the interpretation section, which has been moved from the beginning of the Act to section 127; and in Part VII, sections 128 to 131, there are certain so-called transitional provisions.

Part I, relating to the income tax itself, is subdivided into ten divisions, A to J, inclusive. Division A is the base from which the whole Act begins. That states, without qualification or equivocation, the liability for tax:

> An income tax shall be paid as hereinafter required upon the taxable income for each taxation year of every person resident in Canada at any time in the year.

In the interpretation section the words "resident in Canada" are defined as meaning "ordinarily resident in Canada"; and section 35 provides that an individual who is ordinarily resident in Canada for only part of a year may deduct from the tax otherwise payable the same proportion as the part of the year, during which he resided outside Canada, bears to the whole year.

Hon. Mr. DAVIES: Provided, I take it, that he is liable for tax in another country.

Hon. Mr. HUGESSEN: His liability for tax in Canada extends only to the portion of the year that he is normally resident here.

Division B, which runs from sections 3 to 24, contains the rules for computation of income. The taxpayer is required to compute his annual income, and these sections state what must be included as income, what need not be included, what things are allowable as deductions from income and what are not allowable.

Then in division C, sections 25 to 29, there are the provisions for computation of taxable income. In this division are set out the various exemptions allowable: such as, for instance, the statutory exemption of $1,500 for a married man or $750 for a single man; the exemptions for charitable donations, unusual medical expenses, business losses, and so on. By making the permissible deductions from his annual income the taxpayer arrives at his taxable income.

Division D, consisting of section 30 only, applies to the taxable income earned in Canada by non-residents.

Division E, sections 31 to 39, contains rules for computation of the tax. Here are set out the rates of tax payable by individuals and by corporations; and the provisions applicable to, among other things, investment income, retirement allowances, deductions for provincial income tax and for foreign income tax. And in section 39 are complicated special provisions allowing farmers and fishermen to average their income over a five-year period.

Division F relates to the mechanics of tax collection. This division, comprising sections 40 to 56, deals with returns, assessments, payment and appeals.

Division G, which consists of section 57 alone, enumerates the individuals and corporations entirely exempt from income tax. The list of those exempted begins with the Governor General of Canada and includes municipal corporations, mutual insurance companies, co-operatives, credit unions and the like.

The title of division H is "Exceptional cases and special rules." A few moments ago I referred to the necessity of having a complicated income tax law in our present economic structure, and division H strikingly exemplifies the truth of that observation. The division contains sections 58 to 75. Among the matters dealt with are trusts and estates, personal corporations, investment companies, non-resident-owned investment corporations, patronage dividends, superannuation funds, superannuation or pension benefits, annuities, special provisions in favour of authors and artists, oil and gas wells, mining companies, and consolidated corporation tax returns by companies and their

subsidiaries. The provisions applicable to these exceptional cases extend over 17 pages of the bill.

Division I comprises the constitution and functions of the Income Tax Appeal Board, to which I have already referred, and the general administrative provisions in regard to it. Division J has to do with appeals from the Income Tax Appeal Board to the Exchequer Court of Canada.

Looking at the bill as a whole, I think we can truthfully say that the objects of the Senate committee have been achieved as respects the clarity and the logical sequence of the provisions in the legislation, even though, for the reasons I have given, it has been impossible to do much in the way of simplification.

The third objective to which the Senate committee directed itself was the elimination of ministerial discretion. We heard a great deal of evidence and many representations against the wide discretionary powers conferred upon the minister by many sections of the present Act. We were told, and I think it is correct, that the present Act contains more than a hundred instances in which the minister may do various things in his absolute discretion. Further, we were told that there was no uniformity in the manner in which these discretions were exercised and that, theoretically at least, the minister had the power to discriminate between one taxpayer and another in the exercise of his discretions. We were also told that where the department had exercised discretionary powers under the present Act, an appeal to the minister simply meant that the matter was dealt with a second time by the official who had exercised his discretion in the first place, and that it was most unlikely that he would overrule himself.

Honourable senators will find when they examine the bill that the objective of the Senate committee in this respect has been entirely met. Ministerial discretion has been almost entirely eliminated. It has been retained in only a few minor instances relating to what I might call departmental mechanics. May I give the house one or two instances of the way in which the ministerial discretion has been eliminated, and indicate what has been substituted for it? One instance is that of interest on borrowed capital deductible from income. Under section 5(1) (b) of the present Act a deduction is allowable for:

> Such reasonable rate of interest on borrowed capital used in the business to earn the income as the minister in his discretion may allow notwithstanding the rate of interest payable by the taxpayer . . .

Section 11(1) (c) of the bill provides that a deduction shall be allowed for:

> An amount paid in the year or paid in respect of the year . . . pursuant to a legal obligation to pay interest on borrowed money used for the purpose of earning income from a business or property . . . but, if the rate at which the interest was computed was unreasonably high, only such part of the amount so paid or payable as would have been paid or payable if the rate had been reasonable may be deducted.

The governing word in that provision is "reasonable", and the effect of the change is that if the taxpayer and the minister are in disagreement as to whether the rate of interest charged was reasonable, it does not fall within the discretion of the minister to decide the question. The minister and the taxpayer must go together to the Income Tax Appeal Board which, as an independent body, will decide whether or not the rate of interest was reasonable.

A further example of the elimination of ministerial discretion has to do with the deduction of bad debts from income under certain circumstances. Subsection (1) (d) of section 6 of the present law puts it in a negative way. It provides that no deduction shall be made for bad debts. . .

> . . . except such an amount for bad debts as the minister may allow . . .

That left it to the minister's discretion whether and to what extent he would allow deductions for bad debts. Under section 11(1) (d) of the bill we find an entirely new provision. It allows the deduction of:

> A reasonable amount as a reserve for
> (i) doubtful debts that have been included in computing the income of the taxpayer for that year or a previous year.

Under section 11 (1) (e) provision is made for the deduction of:

> The aggregate of debts owing to the taxpayer
> (i) that are established by him to have become bad debts in the year.

There again the matter of ministerial discretion is removed. If the minister and the taxpayer are at odds as to whether a debt is bad or not, the question must be decided by the board. For instance, if a taxpayer contends that he has established a bad debt for the year, and the minister says he has not, it is not a matter for the discretion of the minister, but must be decided by the tribunal set up under this legislation.

Hon. Mr. HAYDEN: What section makes that provision?

Hon. Mr. HUGESSEN: Section 11 (1) (d) and (e).

Hon. Mr. HAYDEN: But my friend has said that if the taxpayer does not agree with

the minister as to the reasonableness of the rate of interest or as to the reserve for bad debts, the parties must go to the Income Tax Appeal Board. Where is the reference in the bill to that provision?

Hon. Mr. HUGESSEN: My honourable friend misunderstood me. What I meant was that if the minister and taxpayer disagree, the minister has no discretion to fix the amount of bad debts; and if they cannot agree on an amount, the question can be referred by either party to the board.

Hon. Mr. HAYDEN: But where does one find the section providing for that reference to the board?

Hon. Mr. HUGESSEN: The general section which says that a taxpayer may appeal any decision of the minister.

Hon. Mr. HAYDEN: That is an appeal on an assessment.

Hon. Mr. HUGESSEN: Yes.

Hon. Mr. HAYDEN: But the assessment is part of the minister's decision, is it not?

Hon. Mr. HUGESSEN: I suppose it is, yes.

Hon. Mr. HAYDEN: So the minister makes a decision as to the reasonableness in the first instance.

Hon. Mr. HUGESSEN: Yes. He can make that decision, but it is not final; and the taxpayer may go to the board. In other words, the ultimate and absolute discretion of the minister is abolished.

We heard a good deal in the special committee on the question of allowance for depreciation. Honourable senators will remember that the present Act puts it in a negative form. Subsection 1 (n) of section 6 of the Act provides that no deduction from income shall be allowed for depreciation,

. . . except such amount as the minister in his discretion may allow . . .

Two objections to that provision were raised before the special committee. The first was that it was stated in a negative way, when in fact depreciation is well recognized the world over, and the taxpayer should have a positive right to a reasonable allowance for it. The second objection was that that section left complete discretion to the minister, who, theoretically, might favour one taxpayer at the expense of another, and it was contended that in any event there were no published rules or regulations showing just what amount of depreciation should be allowable for any particular class of the goods or articles. That point is dealt with in the new bill, under section 11, subsection 1 (a), by which it is provided in positive terms that the taxpayer may deduct,

. . . such part of the capital cost to the taxpayer of property, or such amount in respect of the capital cost to the taxpayer of property, if any, as is allowed by regulation.

There are two observations to be made about that. In the first place, as I have pointed out, it is stated positively, as a right of the taxpayer to depreciation; and in the second place it provides for the fixing of depreciation allowance by regulation. Mind you, it is a regulation made by the Governor in Council. In other words the minister is no longer free to determine at his whim or caprice the depreciation in each individual case. In future, general rules governing depreciation allowance applicable impartially to all cases will be made by the Governor in Council, and will be published for all to see.

There are many other cases in which the minister's discretion has been got rid of; but these, I think, will be sufficient to indicate to honourable senators the methods that have been adopted for that purpose. Generally speaking, I think we can state that the objections which have been made to the wide discretionary powers conferred upon the minister by the present Act have been fully met in the present bill, and to that extent the object of the Senate committee has been achieved. In fact, the question has been raised whether this bill does not go a little too far; whether, in an attempt to get away from ministerial discretion, we have not sacrificed to some extent the flexibility which ministerial discretion has sometimes permitted, and thereby made the Act a little too rigid. On that point I think we can only say that we shall have to learn by experience after the new bill comes into force and has been in operation for some period of time.

Hon. Mr. DAVIES: I do not like to interrupt the honourable gentleman, but I should like to know if the provisions of the bill apply to assessments for, let us say, 1945 and 1946, which have not yet been completed and returned. Suppose there is disagreement about these assessments; when the decision of the department is communicated to the taxpayer will he have the right of appeal to this new board?

Hon. Mr. HUGESSEN: No. As I read the bill, the board and the powers of the board will be effective only with respect to 1949 and subsequent taxation years.

I have almost reached my conclusion. I have attempted to relate this bill to the work of the Senate committee, and to show that in

three respects—the provision of easy and inexpensive appeals, the clarification and codification of the legislation, and the doing away with ministerial discretions—the bill does almost precisely what the Senate committee recommended. Of course I could go on for hours to discuss detailed provisions, if my physical strength and your patience would permit, but, as the leader on this side has observed, it does not seem necessary at this stage. Remember that this bill is almost entirely a codification and a reclassification of our income tax law as it already exists, and does not contain much new law. In fact, if I may be allowed for the moment to drop into metaphor, the bill is largely our old friend the income tax, but the lady is dolled up in a new dress. We might say that she has acquired "the new look". But if you seek to penetrate beneath "the new look" you will find the same formidable and forbidding female to whom all of us have been unwillingly paying alimony for these many years past.

There is one more word which I think should be added on a point to which reference has been made by the leaders on both sides. The bill comes to us at a period of the session when it is impossible for this house to give it that careful and detailed consideration which it deserves and which this house rather prides itself on giving to legislation of this kind. On the other hand, we should bear in mind three considerations. First, as the honourable leader on the other side pointed out, it has already been before the public for a year. Second, it carries into effect many of the recommendations of our own committee of two years ago. Third, as by its terms it does not come into force before January 1, 1949, there will be another six months in which to consider it. On balance, therefore, I submit and I urge that it is to the advantage of the country that we should pass this bill this session, even if we are unable now to give it the clear and detailed scrutiny which it deserves.

May I conclude with one suggestion which arises out of what I have just said? Would it not be a good thing if at the beginning of next session we were to reconstitute the Special Income Tax Committee for the purpose of examining closely into this new bill, of hearing representations, of examining it in great detail, and, if we find it desirable, of making further recommendations for even more improvements than are to be found in it at the present time?

Hon. SALTER A. HAYDEN: Honourable senators, in the first place may I congratulate the honourable senator who has just spoken on the very able way in which he has developed the various aspects of this bill? At the same time may I point out that while his description of the bill as "important" is true, it is a grave understatement? The bill is basic. It provides the foundation for the most substantial revenues that the country gets from its citizens; and having regard to the fact that it is the source of the authority for taking money from the people of Canada, if we were to give the bill the consideration to which its importance entitles it, we should need much more time than is now available.

Ordinarily, in examining a measure of this kind, our procedure would be to consider the provisions of the bill itself; and, to the extent that those provisions incorporated the principles already contained in our income tax law, it would be our duty, in order to do a thorough job, to inquire into the value and propriety of continuing the methods and the principles of taxation contained in the original Act. At this stage of the session there is no opportunity for us to do that. We must approach the subject solely on the assumption that what is, is good, and should be continued; and to the extent that there are changes, we must examine into the sufficiency and the merit of those changes. In other words, although the bill is described as both new and basic, our approach to it is no different from our approach to amendments introduced from year to year to the original Act.

We have neither the opportunity nor the time to develop, through hearing evidence, a satisfactory decision. Whether or not the basic principles involved in this taxation bill are the soundest or the best, we have to accept them. We shall proceed farther and accept what we find in the income tax law as being a good starting point. It may be that it is, but surely if we consider a new Act—with emphasis on the word "new"—we should give consideration to that aspect. But this we cannot do now. I am not going to bemoan the lateness of our receipt of this bill, because it is typical of the kind of thing we have to deal with every year. Towards the end of each session we firmy resolve that this sort of thing will never occur again, and that we are going to stand on our rights and refuse to pass certain bills. But we still go on every time and rush consideration of legislation. That is exactly what we are going to do now. In the circumstances I suppose there is no other course open, but I am sure that some features of the bill are not going to receive the consideration they should.

My honourable friend from Inkerman (Hon. Mr. Hugessen) has suggested that we could appoint a special committee next year. The leader of the opposition has said that as this bill does not come into effect until January,

1949, we shall have ample opportunity in the session of 1949 to give study to amendments. In all seriousness I ask the practicability of having amendments made to a new income tax law, which is supposed to be the foundation of our tax law in Canada. We pass it now, but we contemplate amending it at the very moment it is coming into force. Would we not then be asked to wait and see how the statute worked and to gather some experience before we started amending something so sacred and important that it must be dealt with immediately? The laws of our country, and the best interests of the people, require that immediate consideration be given to this measure. If we accept this principle, then we cannot accept the principle that we should amend it before it starts to work.

Honourable senators, there are one or two points in the bill to which I should like to refer. First of all, there is no doubt that the income tax law, in the form in which it appears before us today, tremendously improves the existing income tax law. I think a simple way to describe it is that the present Act just grew up something like "Topsy". It is a mess so far as finding anything in it or establishing its year to year continuity is concerned. The present bill is orderly, and being arranged in sequence or with continuity it is not difficult to follow. Of necessity the language is such that it is not always simple to ascertain what the liability is or what the incidence of taxation is. However, the Act is at least definitely and thoughtfully laid out, so that if an informed person studies it he can easily follow the course of taxation. I would say that those persons charged with the responsibility of preparing this measure deserve the greatest commendation. Some sections of the bill are beneficial, and others represent an effort in the direction of tightening the vice upon a practice that may have developed. I do not agree with some of the sections, but I can discuss them in committee.

I should like to refer for a moment to the question of discretion. A great deal of discussion took place on this point when the Senate committee dealt with the income tax problem two years ago. The position I took at that time—and I still take the same position —was that discretion is a good thing to have because it gives a flexibility to the statute that it otherwise would not possess. Discretion, which is the ability of a taxing officer to make a recommendation in a special case, is a good thing so long as the exercise of that discretion is circumscribed in some way by the right to have a check made upon it. The Senate committee put a check on the exercise of that discretion by recommending the granting of a right of appeal. The government went so far as to provide for an Advisory Board which, although it would have no power to make a decision, could deal with matters of discretion and make recommendations to the minister, that he might or might not accept. All that has gone by the board.

My honourable friend who explained the bill tried to find some virtue in the taking away of this discretion. I usually find myself able to agree with my friend, perhaps more often than he is able to agree with me, but I am sorry that I cannot go along with him on this point. In the bill honourable senators will find these words occurring: "as is reasonable", "by regulation", "improper", and "reasonable amount". The bill does not say who is to determine these things. It is the same old story of the exercise of discretion by the minister. What is the difference between the effect of "as is reasonable" and "in the discretion of the minister"? The only difference is that, when you are assessed, you now have the right of appeal on your assessment, and that the question of the reasonableness could be determined by the Board. That is the only difference. At the present time an appeal can be made from an assessment to the extent that the minister has exercised a discretion. If we are able to show that the reason given for the exercising of the discretion is not sound in law, then we have the same ground of appeal as exists under the new Act. The only difference between the two therefore is that by removing the language "in the discretion of the minister" and substituting "as is reasonable" etc., the matter of discretion takes a new form; but under the "new look", as it was called by my honourable friend from Inkerman, there still remains the same old taxing master.

An Hon. SENATOR: The spinster.

Hon. Mr. HAYDEN: Yes, the spinster. The benefit of the change is simply that you will not have to justify your appeal on the ground that the minister either did not give reasons, or that the reasons he gave were unsound in law. It will be partially a question of fact and partially a question of law whether the minister's determination of the existing rate is "reasonable".

Hon. Mr. HUGESSEN: It extends the grounds from law to law plus fact.

Hon. Mr. HAYDEN: Yes. The present Act provides for a Board of Tax Appeal; there is a provision whereby a person can appeal his assessment to the Board of Tax Appeals through the minister.

At this stage I am not as familiar with the statute as is my honourable friend who ex-

plained the bill. He stated that the new board, when appointed, will not be able to function with respect to any appeals under the present Act. That presents the most peculiar situation in the world, because under the present Act a man has the right of appeal to the Board. I have not been able to find any provision in the bill dealing with that. Then a man is left in this situation: as respects an assessment under the present Act he has the right of appeal to a board, but this board is constituted under the new Act and has not got authority to hear the appeal. If the fact is as my honourable friend represented it, we shall have to deal with it in committee.

There are many other provisions, particularly some that are labelled as new, which will require our careful consideration. Let me mention just one by way of example. A certain section of the bill provides that once a taxpayer elects to use a certain method for the calculation of his tax, he will not thereafter be allowed to change that method without the concurrence of the minister. It is a well known principle of taxing law that so long as a man keeps himself within the scope of the law he has a perfect right so to order his business affairs as to be liable for the least possible amount of tax. I suggest that this new provision, which would make it impossible for a man when calculating his tax to adopt—except with ministerial approval—a method that he considered to be more to his interest than the method he had formerly used, is one to which we should give thoughtful consideration.

There are other things that I should have liked to say at this time. I do not think any useful purpose would be served by saying them, though, because in the main the bill is good. There is no doubt that, in the first place, it clarifies our tax situation. Secondly, it re-enacts possibly 75 per cent of the provisions in our present law. In some cases the re-enactment is word for word, but in others the phraseology is changed. There is of course a special difficulty when you codify a law which, like our income tax law, has accumulated over a long period of time. In the course of the years the courts have interpreted various sections of the Act, and their interpretations have become the law relating to the matters dealt with in the respective sections. The difficulty is to know whether in a new statute those sections which apparently incorporate the substance of earlier ones do in fact mean the same thing as the courts have declared those earlier sections to mean. However, that difficulty is, as it were, an inevitable penalty that must be paid when a new statute is drafted to replace an old one. You can never be sure just what interpretation will be placed upon amended sections until the courts have handed down decisions.

Any further comments that I might make would relate to particular sections and could be more appropriately expressed in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. ROBERTSON moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

REPORT ON IMMIGRATION

The Standing Committee on Immigration and Labour beg leave to report as follows:

By order of reference made on Tuesday, February 3, 1948, your committee was authorized and directed to:—

Examine into the Immigration Act (R.S.C. Chapter 93 and Amendments), its operation and administration and the circumstances and conditions relating thereto, including (a) the desirability of admitting immigrants to Canada, (b) the type of immigrants which should be preferred, including origin, training and characteristics, (c) the availability of such immigrants for admission, (d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and (e) the appropriate terms and conditions of such admission.

In obedience to this order of reference, your committee has enquired into the general subject of immigration, the Act and Regulations as amended from time to time, the manner in which the administration of the Act has been performed, and the progress that has been made during the past year and in previous years in meeting Canada's needs and obligations in this regard. In the course of its inquiries, your committee has heard evidence submitted on the following dates by the organizations and persons mentioned:

Witnesses appearing before the Immigration and Labour Committee, Session 1948, are as follows:—

January 29, 1948 and February 4, 1948: Dr. H. L. Keenleyside, Deputy Minister, Department of Mines and Resources. Mr. James Colley, Resident Representative, Inter-Governmental Committee on Refugees, Mrs. Jean Henshaw, former Director and Supervisor of Displaced Refugees Camps in Germany.

February 11, 1948: The Honourable Humphrey Mitchell, P.C., M.P., Minister of Labour. Mr. A. MacNamara, Deputy Minister, Department of Labour. Mr. William Van Ark, Toronto, Ontario, former I.R.O. Assembly Camp Director in Europe.

February 18, 1948: Captain E. S. Brand, Ottawa, Ontario, Temporary shipping adviser, Immigration Branch, Department of Mines and Resources. Mr. R. G. Riddell, Chief of United Nations Division, Department of External Affairs. Mr. Leslie G. Chance, Chief of Consular Division, Department of External Affairs. Mr. A. A. Day, United Nations Division, Department of External Affairs.

March 10, 1948: Mr. Irving Himel, Toronto, Ontario, Legal Counsel of Committee for the Repeal of the Chinese Immigration Act. Dr. A. E. Armstrong, Toronto, Ontario, Co-Chairman of the Committee for the Repeal of the Chinese Immigration Act, Rev. Father Beal, Toronto, Ontario, Co-Chairman for the Repeal of the Chinese Immigration Act. Mr. A. R. Mosher, C.B.E., President, The Canadian Congress of Labour. Dr. S. K. Ngai, Toronto, Ontario, Co-Chairman for the Repeal of the Chinese Immigration Act.

March 17, 1948: Mr. Max Lerner, London, Ontario.

April 28, 1948: Mr. A. L. Jolliffe, Director of Immigration, Department of Mines and Resources. Mrs. A. K. Hugessen, Representative of Canadian National Committee on Refugees on the Community Committee for New Canadians in Montreal.

June 2, 9, and 15, 1948: Dr. H. L. Keenleyside, Deputy Minister of the Department of Mines and Resources. Mr. Frank Foulds, Director, Citizenship Branch, Department of Secretary of State.

SUMMARY OF EVIDENCE ADDUCED BY COMMITTEE

JANUARY 29 TO JUNE 15, 1948

Immigration Branch

Reports from Dr. Keenleyside on January 29, and June 15, together with statistical statements filed by Mr. Jolliffe on April 28, show a marked increase in the number of immigrants admitted to Canada. In several other aspects, the general situation in respect of immigration has greatly improved.

By Orders in Council—June 5, July 18, October 1, 1947, and Order in Council P.C. 1628, April 22, 1948, a total of 30,000 displaced persons has been approved. This number will be additional to those who come as close relatives. Regulations permitting the entry of British subjects from the United Kingdom and the dominions, and of United States citizens, continue to operate.

The total number of admissions for the fiscal year 1947-48 is approximately 80,000, representing an increase of 13,000 over the year

1946-47. Of the 80,000, there were 45,000 from the British Isles and 14,000 were displaced persons. During the first four months of 1947 there were 10,900 admissions, while for the first four months of 1948 the figure is 32,500.

Thirty-one thousand seven hundred applications for relatives in Germany, Austria and Italy—that is for D.P. relatives—have been received; 25,600 have been approved and approximately 8,000 relatives have already arrived.

Transportation

Transportation facilities have been better than was expected. Ships from the British Isles to Canada provide four times as much space as there was last year. The Dominion Government has recently entered an agreement with T.C.A. to provide 10,000 seats by air by the end of March 1949, at a flat rate of £72. I.R.O. arranges transportation of D.P. and the Beaverbrae (converted German prize ship) carries about 770 relatives once every three or four weeks.

Inspection

During the year, the Immigration Branch set up an office in Heidelberg as headquarters for work in the occupied territories. The number of immigration teams working in these areas has been increased from six to eight, and a ninth peripatetic team will visit other countries to make examination of applicants. Probably the team will first visit Sweden to investigate cases of Estonian and other Baltic refugees.

An immigration office has been opened in Rome. By P.C. 4850, people of Finland, Italy, Hungary and Roumania are, for purposes of immigration, no longer considered enemy aliens.

Immigration Act—Deportation

The Immigration Act has been amended from time to time, but there has been no basic change since it was passed in 1910. A discussion on deportation procedure showed that the Act no longer conforms to the scientific advances made in the treatment of nervous diseases and tuberculosis.

A person, other than a Caandian citizen or a person having Canadian domicile, may be deported if he entered Canada illegally, or if he has been an inmate of a jail, penitentiary or of a mental institution. Cases were cited of people who, after having passed medical examination for immigration to Canada, suffered temporary mental or nervous trouble. Upon recovery, they are subject to deportation. Although the minister may defer action, and frequently does on humanitarian grounds if there is no question of the person becoming a public charge, the person can never secure permanent residence and become a citizen. There have been cases of refugees where worry and uncertainty have caused relapses.

It was suggested that the committee should recommend a study of the Act, and that special attention be given to the question of whether the power of the minister on appeals should be increased, and whether the Act should be amended to provide for application for reconsideration of a deportation order, after a lapse of five or ten years.

Chinese

A recommendation for repeal of P.C. 2115 was requested so that married men of Chinese descent, resident in Canada, may be allowed to bring their wives and children to this country. Canadian residents of European, South American or United States origin can bring their families, but people of Asiatic race must be citizens to enjoy the same privilege. The discrimination is contrary to the principles of the United Nations Charter and is not in accordance with the Prime Minister's stated objective (Jan. 27/47) of removal of all discrimination against the Chinese on account of race. Separation of families cannot be justified on principles of religion and social welfare. It was moved by Honourable Senator Murdock, seconded by Honourable Senator Bouchard, and passed unanimously:—"That the request placed before us be adopted".

Department of Labour

The Department of Labour, with the facilities provided in the National Employment Service and the co-operation possible through Dominion-Provincial farm labour committees, has been called upon to play an active part in the placement of immigrants.

The first group placed was that of 4,527 Polish veterans: 4,425 are still on farms. When the Dominion Government approved the admission of displaced persons for employment, the Department of Labour was asked to give the same assistance in placement and follow-up service. Canadian employers indicate their needs of labour to the Department of Labour. After approval has been given by the Dominion Immigration-Labour Committee, the displaced persons are selected on occupational qualifications, examined by immigration officials and then brought to Canada by arrangements of the I.R.O.

From their arrival, they are under the supervision of the Department of Labour. By the

end of April the following groups had arrived in Canada:—

Woods Workers	3,500
Domestics	2,300
Farm Workers	113
Textile Workers	207
Garment Workers and their dependents	1,700
Miners	1,500
Steel and Foundry Workers	330
Railway Workers	1,500
Hydro Workers	1,000
Building and Construction Workers	102

The placement of women in domestic work has been markedly successful. Honourable Mr. Mitchell said that there had been no trouble whatsoever with D.P. workers, and the committee has received letters from employers, stating that they have been satisfactory workers and are fitting in well.

Canadian Citizenship

The Canadian Citizenship branch in the Department of the Secretary of State co-operates with government and private agencies to assist the assimilation of immigrants. The process of assimilation is a gradual one. The newcomers cannot become Canadian citizens immediately, but if they are given understanding help, they will develop an affection and loyalty for their new homeland.

The immigrant must first learn to speak one of our two languages. He should know that he may indicate his desire to become a Canadian citizen by making a declaration of intention as soon as he likes.

It is after these two stages are passed and before he applies for naturalization that the immigrant should be given an instruction in Canadian history, geography, government, etc. Immigrants from the United Kingdom must be included at this stage for, although they know the language and understand democratic institutions, they do not know Canada. They, too, wish to feel that they belong.

During all three stages the immigrant will need help, and the attitude of Canadians will influence the degree and rapidity of assimilation. Most Canadians show sincere good will, and there are many private organizations ready to help. There is need, however, of a closer co-ordination of the federal departments concerned in order to give clarification and leadership to the many agencies, public and private, whose co-operation would be very valuable.

An interdepartmental co-ordinating committee might be set up with representatives of the Immigration Branch, the Department of Labour, the Department of External Affairs, the Department of Health and Welfare, and the Citizenship Branch.

Mention was made of the language instruction provided by provincial governments.

Members of the committee were aware of the possibility of undesirable influences on the immigrants through people who speak their languages. It was suggested that a few travelling councillors on a temporary basis, speaking the languages of the immigrants, might be appointed. They could give advice and information and direct the immigrant to the proper agency for his particular needs.

International Refugee Organization

The International Refugee Organization has one and a half million displaced persons under its care. About 800,000 of these must be re-settled. They are former residents of Poland, Russia, Yugoslavia, Rumania and the Baltic States who do not wish to return to their homes. I.R.O. has decided against forcible repatriation and that places an international humanitarian obligation upon member-nations to accept displaced persons. Canada is a member and therefore shares the responsibility and the expense. It will cost very little more to re-settle a man than to keep him in a D.P. camp for a year, but maintenance is a continuing expense.

I.R.O. works now under great difficulty because of its restricted funds. Canada has contributed $3,600,000 to a budget of $117 million. The committee felt that, although Canada's contribution (a total of $5 million for the year ending July 1, 1948) is comparatively good, the total is woefully small and hampers the work of P.C.I.R.O.

Appeal for Estonians in Sweden

When, in 1940, the Russians occupied the Baltic countries, private property was confiscated and 320,000 persons were deported to Russia. During the fall of 1944, when the Russian front moved closer to the Baltic States for the second time, a large scale evacuation took place by countless citizens who found ways and means to escape. Many went to Sweden, and they now find themselves in a less favoured position than those who are in occupied territory.

The Baltic refugees in Sweden are not technically displaced persons and are not, therefore, eligible for inclusion in the emigration plans of I.R.O. Yet they have suffered for their opposition to totalitarianism, and they are averse to returning to Russian-con-

trolled countries. The Baltic refugees in Sweden include textile, metal and construction workers of high standing, and experts in poultry, horticulture, apiculture and dairying.

A statement by Dr. Keenleyside indicates that this situation is being given favourable consideration by the Immigration Branch.

Recommendations

1. Continued expansion and activity of the Immigration Branch including—

Study of regulations concerning deportation.

Repeal of P.C. 2115—restricting Chinese families.

Admission of Estonians from Sweden.

2. Organization of a co-ordinating committee with representatives from Immigration, Labour, Health and Welfare and Citizenship.

3. Admission of a greater diversity of occupational skills and some of the highly trained experts in the D.P. camps.

4. Strengthening of the work of the Citizenship Branch, particularly in provision of educational material and liaison work.

5. Prompt and generous contributions to I.R.O.

All of which is respectfully submitted.

CAIRINE R. WILSON,
Chairman.

THE SENATE

Friday, June 25, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayer and routine proceedings.

CANADA-NEW ZEALAND INCOME TAX AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 395, an Act respecting an Income Tax Agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the twelfth day of March, 1948.

The bill was read the first time.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF JOINT COMMITTEE

Hon. Mr. GOUIN presented the report of the Joint Committee on Human Rights and Fundamental Freedoms.

He said: Honourable senators, I shall move concurrence in this report at the next sitting.

Hon. Mr. ROEBUCK: Honourable senators, I should like to make a few comments with respect to the report, but unfortunately I will not be present at the next sitting. Would it not be possible to consider the report today?

Hon. Mr. ROBERTSON: Honourable senators, I have no particular view as to the procedure to be followed under the circumstances. I understand that the honourable senator from De Salaberry (Hon. Mr. Gouin) will not be prepared to give his explanation of the report until tomorrow.

Hon. Mr. GOUIN: I would ask that I be allowed to offer my explanation tomorrow, when I shall move concurrence in the report.

The Hon. the SPEAKER: The report is a long one. The honourable senator from De Salaberry has asked that it stand for consideration tomorrow. This will permit of its being printed in the record.

(*See Appendix at end of today's report.*)

Hon. Mr. HAIG: Postponed until tomorrow.

Hon. Mr. HORNER: Would it not be possible to allow the honourable senator from Toronto-Trinity to speak today? The debate could then be adjourned until tomorrow.

The Hon. the SPEAKER: The report is not before the Senate for consideration; it has merely been presented, and will be printed. Whether the honourable senator from Toronto-Trinity should be granted leave to speak today is for the Senate to decide.

Some Hon. SENATORS: Tomorrow!

Hon. Mr. VIEN: Honourable senators, I think we should allow the honourable senator for Toronto-Trinity to proceed today. The debate could then be adjourned on the understanding that the honourable the chairman of the committee may make whatever explanation he wishes tomorrow.

The Hon. the SPEAKER: If that course is to be followed, the honourable the chairman of the committee should move that the report be considered now.

Hon. Mr. GOUIN: I accept that suggestion, on the understanding that tomorrow I shall have an opportunity to make the necessary explanation.

The Hon. the SPEAKER: With leave of the Senate, it is moved by Senator Gouin—

Hon. Mr. HAIG: Excuse me, honourable senators. I have no objection to the honourable member for Toronto-Trinity speaking to the motion, but I would point out that by allowing him to do so we are establishing a most dangerous precedent. The members of this house have not had an opportunity to read the report. Further, when I wished to speak on the Dominion Elections bill the other day my friend from Toronto-Trinity objected on the ground that no motion had been made, and I was not allowed to speak. A ruling which the other day was good for my honourable friend from Toronto is today good for me. I have not read the report, and therefore am not prepared to go on, nor to listen to a discussion of it. Furthermore, I do not believe that we should discuss a report until we have had a chance to read it and judge for ourselves as to its merits or demerits.

The Hon. the SPEAKER: Then leave to consider the report now is not granted?

Hon. Mr. HAIG: No.

The Hon. the SPEAKER: The report stands until tomorrow.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. ELIE BEAUREGARD presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 338, an Act respecting Income Taxes.

He said: Honourable senators, the committee have, in obedience to the order of refer-

ence of June 24, 1948, examined the said bill, and now beg leave to report the same with some amendments.

For the benefit of honourable senators who were not present at the sittings of the committee, I may say that the amendments are few, and that all of them have been agreed to by the minister concerned as well as by the officials.

The report was read by the Clerk Assistant, as follows:

1. Page 4, line 22: After the first "on" insert the words "the reduction of capital,".
2. Page 6, line 23: After the word "section" insert the words "except subsection (6)".
3. Page 79, line 21: Delete the word "proof" and substitute therefor the word "evidence".
4. Page 79, line 32: Delete the word "proof" and substitute therefor the word "evidence".
5. Page 79, line 43: Delete the word "proof" and substitute therefor the word "evidence".
6. Page 80, line 1: Delete the word "proof" and substitute therefor the word "evidence".
7. Page 80, line 17: Delete the word "proof" and substitute therefor the word "evidence".
8. Page 80, line 19: Delete the word "proof" and substitute therefor the word "evidence".

The motion was agreed to.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

Hon. JOHN T. HAIG: I do not intend to delay the house with more than one or two remarks. I support the bill; and I congratulate the minister and the officials of the department upon having brought down this codification. It is a great improvement on the law in its present form. What I have in mind is not so much this or that detail as that the income tax law is now codified in one statute, so arranged that we can very easily follow its provisions.

I notice that some of the doubtful provisions of the law have been drastically changed. I notice also that a prominent section of the press of this country is objecting to certain provisions in the statute. All these provisions were fully discussed by our committee. For instance, in dealing with the situation which arises when someone tries to evade the payment of income tax, some question was raised as to whether the matter should be decided by an Appeal Court or by the Treasury Board. I am one of those who believe that, as it is a political matter, it should be decided by the Treasury Board. I think the government should take full responsibility for it. For over two hours last night the Senate committee discussed the new amendments and particularly those that were referred to yesterday by the honourable senator from Toronto (Hon. Mr. Hayden). The Minister of Finance adopted a fair attitude and did a fine job of explaining the amendments. He did not make many concessions, but those he did make were worth while. Further, the Minister of Finance advised us that there will be an opportunity to change the provisions of this bill if, before the bill is put into effect on January 1, 1949, they are found to be improper and irregular.

Again this morning, the committee sat for two and a half hours and gave further study to the amendments. I thought the honourable senator from Inkerman (Hon. Mr. Hugessen) made a pretty fair speech when he explained the bill, but when we got into committee I found that there were many things he did not understand and which had to be clarified by the officials. I felt quite happy about that.

Honourable senators, this is the most important legislation which we have had to deal with this session. A very heavy tax has been imposed on practically everybody in Canada; therefore the matter has to receive the most careful consideration. I heartily support the measure. I feel that some of the provisions will not work out as the officials expect them to do, but if the minister has reflected the real attitude of his officials—and I think he has—there should be no trouble in carrying out the intentions of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

BUSINESS OF THE SENATE

GOVERNMENT LEGISLATION

On the Orders of the Day:

Hon. WISHART McL. ROBERTSON: Honourable senators, for the information of the house I should like to give some indicatio of our sittings in the immediate future. While there can be no certainty about it, I understand that there is a very good chance that the business of parliament will have been completed in time for prorogation tomorrow evening. Therefore, when the Senate adjourns today, I intend to move that it stand adjourned until tomorrow afternoon at 3 o'clock, in order that we may expedite consideration of whatever measures come before us.

I should like to take advantage of this opportunity to draw attention to some information which I think gives a clear and convincing picture of the increasing share of the Senate in the legislative work of parliament. More government business has been handled by the Senate this session than in any other session during the last forty years. Furthermore, for the first time in our history a cabinet minister from the House of Commons appeared

in the Senate to explain a government bill initiated in this house.

A careful search of our records indicates that the number of government bills initiated in the Senate this session—twenty-four—has been unequalled in any session since at least 1908, when the number was thirteen; and that until 1947, when the figure rose to fifteen, the number of government measures initiated here in one session has never exceeded eight. During the war years, from 1940 to 1944-45, government measures were without exception brought down first in the House of Commons, but in the three years since the end of the war the number of government measures introduced in the Senate has steadily increased.

A further indication of the increased legislative activity of the Senate is to be found in the number of other bills handled. For instance, this session fourteen private bills were initiated here. Then, as we all know, our Divorce Committee has been very active: it brought in favourable reports on two hundred and ninety-five petitions, for each of which a bill was passed. Besides all this, the Senate has dealt with a hundred-odd measures that originated in the House of Commons.

I have drawn attention to these figures because I felt that the house and the country as a whole would be interested in them. The Senate is prepared and indeed eager, as it will continue to be in the years to come, to participate to the utmost of its ability in the legislative business of Canada.

IMMIGRATION

REPORT OF COMMITTEE

The Senate proceeded to consideration of the report of the Standing Committee on Immigration and Labour on the operation and administration of the Immigration Act.

Hon. CAIRINE R. WILSON moved concurrence in the report.

She said: Honourable senators, I had hoped that before I asked for consideration of the committee's recommendations honourable members would have had an opportunity of reading them. However, I trust that the report will be carefully studied as soon as possible.

Hon. Mr. HAIG: May I suggest that the honourable senator read the report now? It is really worth while.

Hon. Mrs. WILSON: The report appears in today's *Minutes* as well as in *Hansard;* but if honourable members so desire, I shall read it.

Hon. Mr. HAIG: Perhaps that will not be necessary.

Hon. Mrs. WILSON: It will be noted from the report that during the last twelve months the Immigration Branch has greatly expanded its activities. The government has agreed to admit 30,000 persons from the displaced persons camps of Europe. This is an evidence of a desire to fulfil our obligations as a member of the International Refugee Organization, and indicates a more generous attitude on the part of our own people. In addition, 25,000 applications of near relatives have been approved. To date only some 8,000 persons in this class have arrived here, but the others will be brought over as soon as possible. The *Beaverbrae*, a converted German prize ship, is being used for this special work and will bring to our shores about 770 near relatives every thirty-seven days.

The committee felt that a careful study of the deportation regulations should be undertaken by the departments concerned. People who are admitted to Canada after having successfully passed the health tests may suffer a temporary nervous or mental disorder requiring treatment in a mental institution. After being restored to normal health they may be permitted by the minister to remain in Canada, but they never can become Canadian citizens. This must inevitably have an effect upon their morale, and I fear that sometimes it causes a recurrence of the original malady.

The committee was very favourably impressed by the presentations from members and Canadian representatives of various Chinese organizations. These people came to urge that P.C. 2115 be repealed, so as to permit Chinese resident in Canada to bring their wives and families here. I think the committee felt that the Act was contrary to our humanitarian and social obligations, and inconsistent with the Prime Minister's statement in another place that there should be no discrimination against the Chinese.

Through the efforts of the honourable senator from Lethbridge (Hon. Mr. Buchanan) a brief, prepared by an Estonian on behalf of a large number of his countrymen now in Sweden, was presented to the committee. It was read by the honourable senator from Churchill (Hon. Mr. Crerar). It was said that these people are not under the protection of the International Refugee Organization, and although at present they are perhaps fairly comfortable, they live in constant fear of being returned to their country of origin. We are convinced that they would make most

desirable Canadian citizens, and we are gratified by the desire on the part of the Immigration Branch to consider them. A team has already been established in Sweden to investigate and decide upon the admission to Canada of at least some of them.

Your committee advocates that more consideration be given to adults, now in D.P. camps, who have intellectual skills, and to the admission of workers and their dependents. Up to the present time the practice has been to bring out single men and women, leaving the older people who are dependent upon them for support to endure the hardships of the existence in camp, where they continue to be an obligation on the part of the International Refugee Organization. The committee recommends that a more generous contribution be made towards this organization so as to insure the resettlement of these people. They have been languishing in the camps for three years since the conclusion of the war, and their morale is bound to deteriorate.

With the permission of the house I should like to read the foreword by General Crerar to the report of the National Conference on the citizenship problems of the new immigrants. I had the privilege of attending this conference, held in Montreal on January 23 and 24 last. This is the foreword:

> The Canadian Citizenship Council exists to assist Canadians, and Canadians-to-be, in reaching a better understanding and appreciation of the meaning and implications of democracy. The conference reported in this volume centred its interest on the Canadians-to-be, the newcomers who in the course of five or more years will assume the full privileges and responsibilities of citizenship in Canada.
>
> Attendance at the conference was very broadly representative, indicating wide and deep interest in the matters under discussion. The recommendations have behind them the experience of persons familiar with the problems of immigrants from many angles; they are directed to many organizations, voluntary as well as governmental.
>
> The Executive Committee of the Canadian Citizenship Council is giving careful study to those recommendations directed to the council, and hopes that every organization concerned will do similarly, even where major changes in policy or program are proposed. Assisting the newcomers to become good Canadians, with a feeling of pride and responsibility for their new homeland, is a task worthy of our best effort, a task moreover than can yield satisfactions and benefits to all who take part in it.
>
> H. D. G. Crerar,
> Chairman, Executive Committee
> Canadian Citizenship Council.

The committee felt that there should be closer co-ordination between the departments of the government concerned with the problems of immigrants and their proper assimilation here. For this reason we recommend the setting up of a co-ordinating committee consisting of representatives from the Immigration Branch, Department of Labour, the Department of External Affairs, National Health and Welfare, and the Citizenship Branch of the Department of the Secretary of State. This latter branch, which is primarily concerned with the education of newcomers, has had various pamphlets printed which should be of interest and value to them.

I have before me a booklet entitled *How to Become a Canadian Citizen,* printed in both English and French. The senator from Churchill (Hon. Mr. Crerar) asked if this book was printed in the languages of the people who would use it. I am pleased to report that the second part of it, dealing with facts about Canada, is printed in seven European languages. The first part, which deals with naturalization and concerns the immigrant when he is about to take the oath of citizenship, is printed in the two official languages of Canada. There is, however, a great need for more literature to help the immigrants.

The committee recommends a closer relationship between the departments of government having to do with immigration and the voluntary agencies throughout the country which are anxious to welcome and assist the newcomers. It is felt that more information about Canada should be given, and that training in basic English or French should be undertaken before the immigrant arrives. To accomplish this, suitable literature and films now available should be distributed in Europe and on board ships; and, as the occasion permits, language instruction should be given.

These aids to citizenship should be prepared at three levels: first, elementary; second, for use after certain adjustments have been made to Canadian life; and third, advanced, for the use of better-educated people from the United Kingdom and the United States, who make up more than half of the immigrant population. Some excellent booklets on basic English prepared in the United States should be re-written, using Canadian references and illustrations.

Honourable senators should know that the Canadian Citizenship Council stands ready to act as a liaison between governmental departments and the many social agencies in Canada. Some of these agencies are the Canadian Welfare Council, the Canadian Educational Association, Canadian Association for Adult Education and the Canadian Recreational Council. The result of such a liaison would further co-ordinate all formal instruction under provincial departments for

citizenship with that of private welfare organizations. The Canadian Citizenship Council operates in conjunction with the national organizations and does not take over the functions of the government, in either the Dominion or provincial field.

The report suggests that a small group of people, speaking the languages of the newcomers, should visit them in an endeavour to understand their problems and put them in touch with the various agencies which can help them. The honourable senator from Churchill (Hon. Mr. Crerar) was nervous lest we should appoint a large body of—

Hon. Mr. HAIG: Inspectors.

Hon. Mrs. WILSON: —government officials, but we assured him that that was not our idea, and that the appointments should be on a temporary basis. I feel that such a staff is an absolute necessity, for, as the honourable senator from Blaine Lake (Hon. Mr. Horner) has said, if we do not undertake this work there are, unfortunately, other people who will do it for us.

Hon. WISHART McL. ROBERTSON: It is not my intention to detain the Senate with a discussion of details of the report, but I should like to express on my own behalf and, I believe, on behalf of other members of the Senate, keen appreciation of the great contribution this committee has made, through inquiries carried on from year to year in connection with the subject of immigration, to the work of the Senate and the fund of knowledge available to Canadians generally. It will be recalled that the work was initiated under the chairmanship of the honourable senator from Parkdale (Hon. Mr. Murdock), and that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has taken an outstanding part in its activities. The committee has rendered a great public service, and I believe the influence of its deliberations and its reports is widespread. I know that many persons who are interested in these matters have obtained copies of the committee's proceedings and studied them. A willingness not to weary in well-doing but to carry on from year to year, and the number of sittings that have been held, evidence a very considerable activity.

More recently the work of the committee has been carried on under the chairmanship of the honourable senator from Rockcliffe (Hon. Mrs. Wilson), who has had a lifelong interest in these matters, and under whose leadership the rousing, educating and influencing of public opinion, which characterized the initial stages of the work, has most effectively continued. We have before us an outstanding example of the gathering together of information from those who are in a position to give evidence and the imparting of that information to the public for the benefit and welfare of all concerned. For these reasons I have taken this opportunity to express on my own behalf and, I believe, as a reflection of the general sentiment of the house, keen appreciation of the work which began some years ago and has been continued so efficiently and so well by the honourable senator from Rockcliffe.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Report of Joint Committee

The Special Joint Committee on Human Rights and Fundamental Freedoms beg leave to make their second and final report, as follows:

Your committee, as a preliminary step in its enquiry resolved a portion of its order of reference of February 18, 1948, into three parts, namely:

(a) To consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the United Nations may best be implemented;

And, in particular, in the light of the provisions contained in the Charter of the United Nations, and the establishment by the Economic and Social Council thereof of a Commission on Human Rights.

(b) What is the legal and constitutional situation in Canada with respect to such rights;

(c) And, what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for the observance of human rights and fundamental freedoms;

for consideration in the order (a), (c) and (b).

With respect to part (a), your committee gave immediate consideration to the draft International Declaration on Human Rights forwarded to the government by the Secretary-General of United Nations.

Although not legally binding upon states, such a document, being a statement of principles, will tend to influence the course of legislation in states which consider themselves morally bound by its provisions, and will, therefore, promote human rights and fundamental freedoms.

As the draft declaration has been undergoing changes at recent meetings of organs of the United Nations, your committee decided that it should not attempt to prepare a further draft but should examine critically the principles set out in the existing draft together with such comments of other governments as were available.

Your committee considers that the declaration would be more effective if stated in a shorter, more concise form. As there is no assurance that any specific draft prepared by your committee would be accepted by the United Nations, your committee does not suggest any particular revision of the draft submitted but recommends that the government, in presenting its views to the United Nations, have in mind the views of members of your committee as reported in the record of proceedings and evidence.

With respect to part (c), your committee invited written representations from groups and organizations which had expressed a desire to place their views before your committee. Written submissions were made by:

(a) Canadian Jewish Congress;
(b) Congregations of Jehovah's Witnesses;
(c) Civil Rights Union of Toronto;
(d) Canadian Daily Newspapers Association;
(e) Organizations representing the Chinese people of Canada;
(f) Committee for a Bill of Rights, Toronto.

As a result of these representations your committee gave consideration to the enactment of a bill of rights for Canada.

Although all the briefs submitted did not recommend a bill of rights for Canada, those which contained such recommendation favoured the enactment of a bill of rights by constitutional amendment rather than by a federal statute.

At the request of the committee, the Deputy Minister of Justice was heard in relation to the effect of the enactment of a bill of rights as (1) a federal statute; (2) a constitutional amendment; and, in particular, to its effect on existing and prospective provincial and dominion legislation, the common law, the sovereignty of parliament, and the prerogatives of the Crown.

Your committee is of opinion that to attempt to enact a bill of rights for Canada as a federal statute would be unwise for the following among other reasons.

The power of the Dominion Parliament to enact a comprehensive bill of rights is disputed. This is indicated by the letters received in reply to an invitation addressed by the committee to the attorneys-general of the provinces and to deans of certain law schools to express their opinions with respect to the power of parliament to enact a comprehensive bill of rights applicable to all of Canada.

Clarification of the extent of the Dominion's powers by reference of questions to the Supreme Court of Canada has been suggested, but these questions, in addition to presenting serious drafting difficulties, would certainly initiate a legal and constitutional controversy with the provinces which might be far reaching.

Despite this fact, the submission of such questions might be desirable if the answers

could be taken as settling the law, and if a federal statute based on such answers effected a constitutional guarantee of human rights and fundamental freedoms. The fact is, however, that the answers would not be the equivalent in binding effect of a decision in a litigated case arising on particular facts. Moreover, a federal statute enacted on the basis of answers to such questions would not effect any constitutional guarantee of rights as it could be amended or repealed at any time by parliament. Until amended or repealed it would bind the provincial legislatures (to the extent that it was constitutionally valid) but not the Dominion Parliament, as subsequent legislation of the Dominion Parliament inconsistent with its terms could take effect notwithstanding its terms.

It is perhaps for these reasons that the submissions to your committee in support of a bill of rights favour a constitutional amendment rather than a federal statute. Your committee is, therefore, unable to recommend that the government give favourable consideration to the enactment of a bill of rights in the form of a federal statute.

In view of the fact that decisions by the Supreme Court of Canada in individual cases would be far more satisfactory than upon a general reference in determining the powers of parliament and the legislatures, your committee gave some consideration to the question as to whether the jurisdiction of the Supreme Court of Canada should not be enlarged so that by leave of that court, appeals would lie on questions of law in some instances in which there is now no appeal. Your committee is of opinion that the government should give consideration to such an enlargement and so recommends.

Due to pressure of time it was impossible for your committee to call those who made submissions to your committee to support them orally. It is possible that had those who submitted the draft bill to amend the British North America Act been present they could have answered some or all of the numerous questions which have arisen in the minds of members of your committee regarding the consequences of incorporating the provisions of this draft bill in the British North America Act.

From the evidence of the Deputy Minister of Justice, however, it would appear that these consequences are so uncertain and may, in some instances at least, be so undesirable, that your committee would not be justified in recommending, without a great deal of further study, the adoption of recommendations such as those contained in the submission of the committee for a Bill of Rights, Toronto.

Your committee recommends that in considering proposals for the enactment of a bill of rights as a constitutional amendment the government not only give full consideration to the submissions to the committee, the evidence of the Deputy Minister of Justice and the comments of the members of the committee, as they appear from the record of the proceedings, but also obtain the assistance of officers of the Department of Justice or an interdepartmental committee, and such others as it may consider necessary.

In making this report your committee wishes to state its belief that Canadians enjoy a large measure of civil rights and liberties. That they must be maintained is beyond question. But to attempt to define these rights and liberties in statutory language is a task not to be undertaken lightly. The difficulty of such a task is shown by the struggles for agreement on the wording of an international bill of rights which have been occupying the time of the United Nations for so long. However, the meaning of human rights and fundamental freedoms is in general well understood. They exist, are enjoyed and must be preserved.

Attention may be drawn to circumstances in which fundamental rights are alleged to have been curtailed. It is desirable that such circumstances be examined critically and earnestly for they prompt the government and parliament of the day to take stock of the extent to which Canada has maintained civil rights and liberties for her people. If imperfections appear, are recognized and are remedied, progress is made towards full realization of the ideal of general observance of human rights and fundamental freedoms for all envisaged in the charter of the united nations.

Respect for and observance of these rights and freedoms depends in the last analysis upon the convictions, character and spirit of the people. There is much to be said for the view that it would be undesirable to undertake to define them before a firm public opinion has been formed as to their nature. It is not evident to your committee that such an opinion has reached an advanced stage in Canada. There is need for more public discussion before the task of defining the rights and freedoms to be safeguarded is undertaken.

But whatever steps be advocated by way of statutory enactment or otherwise to preserve human rights and fundamental freedoms, Canadians must never fail to recognize that the ultimate and effective safeguard of those rights and freedoms lies in the people themselves, and in a resolute and effective public opinion.

A copy of the printed Minutes of Proceedings and Evidence of your committee is appended.

All of which is respectfully submitted.

L. M. GOUIN,
Chairman, Senate Section.

THE SENATE

Saturday, June 26, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. WISHART McL. ROBERTSON: Honourable senators, before we proceed with the Orders of the day, I think I should say for the information of honourable members that the business of the other house has not proceeded far enough to enable me to state definitely whether prorogation will take place tonight or not. I would therefore suggest that when the items on the Order Paper have been disposed of this afternoon, we adjourn during pleasure, to reassemble at eight o'clock. At that time I hope to be in a position to advise the house whether we can conclude our labours this evening or will have to come back on Monday at three o'clock in order to do so.

FOREIGN EXCHANGE CONTROL BILL

FIRST READING

A message was received from the House of Commons with Bill 396, an Act to amend The Foreign Exchange Control Act.

The bill was read the first time.

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, the purpose of this bill is to close a loophole which has been found to exist in the Foreign Exchange Control Act. When the Act was originally drafted, it was intended that its provisions should affect transactions by Canadian residents whether in Canada or outside. The words "in Canada or elsewhere" appeared in most clauses, but through an oversight were omitted from sections 21, 22, and 23. In a recent case in Toronto, in which a Canadian resident was charged with failing to sell to the board some $15,000 in United States funds which he had in his possession, the magistrate held that the man was not guilty because the transaction took place in Niagara Falls, New York, and the relevant sections of the Act applied only to transactions in Canada.

It is absolutely essential that the transactions of Canadian residents be controlled, wherever they take place; therefore the government is asking for this amendment to bring the wording of the Act into line with the needs of our exchange conservation program. The amendment simply inserts the phrase "in Canada or elsewhere" in the three sections from which it was omitted.

Hon. W. M. ASELTINE: I have read the bill very carefully, and may say that we on this side of the house have no objection to the amendments.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

EMERGENCY EXCHANGE CONSERVATION BILL

FIRST READING

A message was received from the House of Commons with Bill 397, an Act to amend The Emergency Exchange Conservation Act.

The bill was read the first time.

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, the purpose of this bill is to make a number of minor changes in the Emergency Exchange Conservation Act which was passed earlier this session. An examination of the bill will reveal that the changes consist partly of clarifications of the existing wording, and partly of the insertion of a few tariff items in the schedules where it appears possible to make a further saving of United States dollars.

It will be noted that goods added to the list of prohibited or restricted imports do not differ in character from those which it already includes. In view of the extent and complexity of the conservation program, it is inevitable that changes in the schedules will be found necessary from time to time to improve the working of the import restrictions and correct anomalies of one kind or another.

In the other place the ministers responsible for the exchange conservation program outlined the progress made to date in improving our United States dollar position. I do not intend to repeat their observations, except to point out that our United States dollar reserve as of June 23, stood at $742 million, including $140 million drawn from the Export-Import Bank. If we do not count these drawings, we may say that our dollar reserve increased from $461 million on December 17, 1947, to $602 million on June 23, 1948. It

is apparent that our exchange position is being gradually but steadily improved; that our imports from dollar countries are reduced somewhat, and our exports to dollar countries are substantially increased. This is being achieved without any serious hardship to the non-dollar countries with whom we trade. Control of capital goods imported is also beginning to show excellent results. Consequently the minister has been able to announce certain prospective relaxations in restrictions.

Referring again to the amendments contained in this bill, honourable senators will note that section 1 makes seven changes in the schedule of prohibited imports. Four of these are additions or extensions to the present list of prohibited goods, while the other three merely clarify existing wording.

Section 2 of the bill merely transfers three items from the list of goods controlled by permit to the list of goods under quota.

Hon. Mr. MORAUD: May I ask the honourable leader if the items in schedule II are on the prohibited list? I see the words: "439 Bicycles and tricycles, n.o.p." Do I understand that there is an embargo on these goods?

Hon. Mr. ROBERTSON: I think they are changed.

Hon. Mr. MORAUD: What does the change from schedule III to schedule II mean?

Hon. Mr. ROBERTSON: It is a change from the list of goods controlled by permit to the list of goods under quota.

Hon. Mr. MORAUD: Do I understand that bicycles and tricycles can now be imported from the United States?

Hon. Mr. ROBERTSON: Yes, under permit; but they are to come under the quota classification.

Hon. Mr. ROEBUCK: Do I understand that the gain in our balance of American dollars is greater or less than the amount of the loan?

Hon. Mr. ROBERTSON: It is greater than the amount of the loan. For the benefit of my honourable friend I will repeat the figures I just gave. On June 23, 1948, the total reserve was $742 million, which included $140 million of the drawings on the Export-Import Bank loan. The actual increase in American dollars is the difference between $461 million and $602 million, although at the moment the reserve exceeds that by the $140 million which was drawn from the Export-Import Bank.

Hon. Mr. ROEBUCK: Thank you.

Hon. Mr. ROBERTSON: Section 3 of the bill, containing a formidable list of goods, is not as important as it may appear at first sight. Most of the changes are rearrangements of words to conform with changed terminology in the customs tariff. There are a few other changes designed to improve the administration. The only significant additions to the schedule of goods under the control of the Minister of Trade and Commerce are heavy chemicals and electrical appliance parts.

The bill is deemed to have come into force on the 25th of June this year.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

REFUNDS OF FEES

Hon. W. M. ASELTINE: Honourable senators, with leave of the Senate, I move:

That the parliamentary fees paid upon the petition of Diana Eve Whittall Beurling, praying for a bill of divorce, be refunded to the petitioner, less printing and translation costs.

When the Senate bill based upon this petition was before the committee in another place, application was made for leave to withdraw the bill. This was granted, and the bill has been withdrawn.

The motion was agreed to.

Hon. Mr. ASELTINE: Honourable senators, with leave I move:

That the parliamentary fees paid upon the petition of Aldoria Rodier dit St. Martin, praying for a bill of divorce, be refunded to the petitioner, less printing and translation costs.

In this case the Senate bill was rejected in another place.

The motion was agreed to.

Hon. Mr. ASELTINE: With leave of the Senate, I move:

That the parliamentary fees paid upon the petition of Pierre Behocaray, praying for a bill of divorce, be refunded to the petitioner, less printing and translation costs.

This bill also was rejected in the other place.

Hon. Mr. DAVIES: I presume the Divorce Committee of the Senate recommended the petition. May I ask why it was rejected in the other place?

Hon. Mr. ASELTINE: I was not present when the Private Bills Committee of the other house considered these petitions. In the St. Martin case the evidence heard before the Divorce Committee was very strong against the respondent, and at the close of the case for the petitioner, counsel for the respondent asked for a half-hour adjournment in order to decide whether or not evidence should be called for the defence. The committee allowed an adjournment of three hours, and when the hearing was resumed, counsel for the respondent, in the presence of the respondent, advised the committee that he would call no defence. Accordingly, a bill for divorce was recommended.

I understand that at a later date the respondent claimed that her counsel had not handled the case to her satisfaction. When the petition came before the Private Bills Committee of the other house she was on hand and presented a long letter dealing with the matter, and the committee decided to reject the bill. I understand further that a motion was made in the other house this morning to refer the bill back to the committee, but that it was not agreed to.

With respect to the Behocaray case, a petition for divorce was heard last session and a bill was recommended. This bill was rejected by the Private Bills Committee of the other house because, although the respondent admitted being guilty of adultery, the members of that committee were of opinion that adultery had been committed by the petitioner as well as by the respondent. The case came before the Senate committee again this year, and the old evidence was supplemented by some new material. After several adjournments of the hearing your committee came to the conclusion that there was clear proof of adultery on the part of the respondent. Accordingly, the petition was granted. The matter was fought out again before the Private Bills Committee in the other place, the decision was the same as that of last year. The bill has been rejected, and there is not much that we can do about it.

The motion was agreed to.

CANADA-NEW ZEALAND INCOME TAX BILL

SECOND READING

Hon. WISHART McL. ROBERTSON moved second reading of Bill 395, an Act respecting an Income Tax Agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the twelfth day of March, 1948.

He said: Honourable senators, the purpose of this bill is to give the force of law to a taxation agreement between Canada and New Zealand, signed at Ottawa on March 12. The agreement is designed to avoid double taxation of nationals of either country who receive income derived from business, or otherwise, in the other country. Provision is also made for the exchange of tax information, to prevent fraud and avoidance of payment.

Hon. Mr. ASELTINE: May I ask the honourable leader of the house if this is similar to the agreements entered into with the United States and with Great Britain for the same purpose?

Hon. Mr. ROBERTSON: I understand that it follows the customary form of agreement entered into between Canada and other countries whose nationals are affected by this tax.

The bill gives the Minister of National Revenue authority to make orders and regulations to carry out the terms of the agreement, and directs that they be published in the *Canada Gazette* and laid before Parliament. In case of any inconsistency between the agreement and some other law, the agreement prevails.

Hon. Mr. HUGESSEN: Honourable senators, I have not had an opportunity of examining this bill in detail, but from a cursory perusal it would appear to follow word for word the agreements entered into two years ago for a similar purpose with the United States and Great Britain.

Hon. Mr. ASELTINE: I have made a brief comparison of the agreements, and I think my honourable friend is correct in his statement.

Hon. Mr. HUGESSEN: I would commend the government for having entered into this agreement. The more arrangements we have between Canada and other countries for the purpose of avoiding duplication of income tax the better it will be for the nationals of all countries concerned.

I am curious to know whether there are similar agreements under negotiation or in contemplation between Canada and other countries with which she has a broad commercial relationship.

Hon. Mr. ROBERTSON: I regret that I am not able to inform my friend specifically on that point; but I believe that there are other agreements in contemplation.

Hon. Mr. ASELTINE: We are all in favour of any measures that will avoid duplicate taxation.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. ROBERTSON moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF JOINT COMMITTEE

The Senate proceeded to consideration of the second and final report of the Special Joint Committee on Human Rights and Fundamental Freedoms.

Hon. L. M. GOUIN moved concurrence in the report.

He said: Honourable senators, first of all, in the capacity of Joint Chairman of the Special Joint Committee on Human Rights and Fundamental Freedoms, I wish to thank you very sincerely for having appointed me as your representative on that committee. As you will remember, the committee was reconstituted this spring because during the previous session we had been able to do only some preliminary work. In 1947 we merely explored this almost unlimited subject, and the only material which was before us was the charter of the United Nations and the documents referring to the organization of its Commission on Human Rights. This year our task was much more definite; we were called upon to study the report submitted by the United Nations Commission on Human Rights to the Economic and Social Council of the United Nations. This report was adopted at Geneva on December 17 of last year, at the end of the second session of that commission.

The two most important documents which form part of or are annexed to the report consist of, first, a draft international declaration on human rights, and second, a draft international covenant on the same subject. This afternoon, while explaining the report which is now before this house, I shall confine my remarks to the draft international declaration. The International Draft Bill of Rights has been referred to the General Assembly, but for various reasons it has not yet been considered by our committee, and it is not even mentioned in the report, which is to be found in our *Minutes of Proceedings* of yesterday, at page 512 and following. I give this reference because, by referring to the text of our rather long and elaborate report, it will be easier for those senators who were not members of our committee to follow my remarks.

As honourable senators will remember, by the terms of our order of reference of April 16 last we were called upon "to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the United Nations may best be implemented". You already know that the charter of the United Nations organization refers in several places to human rights and fundamental freedoms, but nowhere in the charter of the United Nations and, let me add, nowhere in the report of the United Nations Commission on Human Rights, nor in fact anywhere else in the documents received either from Geneva or from Lake Success, do we find any definition of the expression "human rights and fundamental freedoms." This absence of any definition or any interpretative section has in my opinion made our work much more difficult. In accordance with the ancient system of our scholastic philosophy, we always begin with what we call a *definitio terminorum*. Such a definition of terms is considered by us to be essential. Otherwise, those who argue do not use the contested words in the same sense, and consequently do not speak the same language: accordingly the result of the discussion can never be very satisfactory, and will probably be disappointing.

I must confess that throughout the many long sittings which we had in our committee room this year, as well as last year, I always felt handicapped and embarrassed by the lack of any definition and by the fatal vagueness and ambiguity which was its sequel. So before proceeding any further, let us try to discover some general landmarks which will help us to not lose our way in this labyrinth of elaborate texts and contradictory comments.

I would remark first of all that the expression "human rights" seems very clearly to be a translation of the words "droits de l'homme" or "rights of the individual", and that it was borrowed from the language of the French Revolution. I do not intend to make any criticism of the French Revolution, because I accept it as a great historical fact. In a certain sense it was a necessary evil, with a record of many errors and crimes, but on the other hand it left to mankind at large the immortal slogan, "Liberté, Egalité et Fraternité", which is now accepted in all democratic countries. This three-fold principle of freedom, equality and brotherhood is well understood, and constitutes a glorious heritage which all Canadians are anxious to preserve and develop, and to share with their brothers and sisters of all races and colours, and of all religious and social creeds.

We come now to the expression "fundamental freedoms", which I have always assumed to

have reference to the four freedoms of the too-much-forgotten Atlantic Charter: freedom of conscience, freedom of expression, freedom from want, and freedom from fear. As honourable senators will see by my further explanation, the revised draft declaration, which has now been referred to the General Assembly of the United Nations, expressly recognizes the basic principle of personal liberty, national equality, and respect for the rights of one another. It also affirms the principles of freedom of conscience and expression, as well as the right to social security.

Let us examine the attitude of our special joint committee towards the draft International Declaration on Human Rights. In paragraph 3 of our report it is explained that an International Declaration on Human Rights shall not be "legally binding upon states, such a document being a statement of principles". But we add that such a declaration "will tend to influence the course of legislation in states which consider themselves morally bound by its provisions, and will therefore promote human rights and fundamental freedoms". In other words there would be a certain persuasive influence.

The joint committee carefully analysed the principles set out in the draft International Declaration adopted in Geneva on December 17, 1947, and came to the unanimous conclusion that the draft would be more effective if set out in more concise form. In fact, on June 18, 1948, at Lake Success, the International Commission on Human Rights adopted a revised draft, which was reproduced in the American press. It is certainly an improvement over the previous draft, being much clearer and shorter, comprising only twenty-eight articles in place of thirty-three or more. Many of the sections themselves have been considerably shortened. The text in question is so important that, with the leave of the Senate, I would suggest that it be reproduced in *Hansard;* otherwise honourable senators who were not members of our committee would have great difficulty in following the report now before us.

(*See Appendix at end of today's report.*)

The first part of the declaration deals with civil rights: right to life, liberty and security; freedom from slavery or cruel or inhuman treatment; freedom from unreasonable interference with privacy, in the family, the home, correspondence or reputation; liberty of movement and free choice of residence within states, and the right to leave any country, including one's own.

There are also provisions purporting to secure, in civil and criminal cases, access to independent and impartial tribunals, freedom from arbitrary arrest or detention and freedom from ex post facto laws. Other articles guarantee the right of property, freedom of religion, freedom of information, assembly and association, and assure the right to participate in government.

Article 20 and following are devoted to economic and social rights: the right to work, including the right to equal pay for equal work; the right to preservation of health through highest standards of food, clothing, housing and medical care; the right to education and to rest and leisure.

Article 27 states that: "Everyone has duties to the community". It further states that the rights of everyone are limited by "the rights of others and the requirements of morality, public order and general welfare in a democratic society".

Finally, article 28 expressly denies the right of any state or person to engage in any activity aimed at the destruction of any of the rights and freedoms prescribed in the International Declaration on Human Rights.

To sum up, this declaration—as stated in the first paragraph of the revised text—affirms that "the recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world". I readily admit that that is a very noble statement, and one which is inspired by a generous ideal, but I regret that the declaration nowhere states that we derive all our rights from God, who is our Creator as well as our end.

On this point I wish to refer honourable senators to page 52 and following pages of our committee's *Minutes of Proceedings,* Volume No. 3, 1948. There will be found some very interesting remarks made at our meeting of May 13 by two of the committee's members from the other house, namely, Mr. Marquis and Mr. Michaud. Mr. Marquis quoted the Declaration of Independence adopted by the United States congress on July 4, 1776, which refers to God and to the Creator and also invokes the protection of Divine Providence. I sincerely believe in the fatherhood of God, and in this I simply share the faith of the immense majority of people of this country and of the world at large. Therefore, I heartily concurred in the suggestion made by Mr. Marquis, seconded by Mr. Michaud, that at the beginning of the declaration there be introduced a reference to God as being the source of all human rights.

It will be seen, however, by reference to paragraph 5 of our report, on page 513, that the committee did not suggest such a revision or any other particular revision of the draft

International Declaration of December 17, 1947. We simply recommended "that the government, in presenting its views to the United Nations, have in mind the views of members of the committee as reported in the record of proceedings and evidence". This attitude was adopted because we had no assurance that any specific draft prepared by the committee would be accepted by the United Nations.

The next point I wish to mention is that our committee, in accordance with the terms of reference, studied "what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for the observance of human rights and fundamental freedoms." We examined written submissions received from various organizations and we gave consideration to the question of the enactment of a bill of rights for Canada. Let me remark here that the briefs which recommended a bill of rights favoured its enactment by constitutional amendment rather than by federal statute. On these two points we had the privilege of hearing the very illuminating evidence given by the Deputy Minister of Justice. Owing to pressure of time, as we were very close to the end of the session, it was impossible for us to hear any witnesses in support of the various briefs to which I have referred.

We finally came to the conclusion that any attempt to enact a bill of rights for Canada as a federal statute would be unwise, for various reasons which I shall try to summarize. First of all, the power of the Parliament of Canada to enact a comprehensive bill of rights is disputed. Letters received in answer to an invitation addressed to the provincial Attorneys-General and also to the deans of certain law schools, clearly indicated that the validity of a federal bill of rights would be contested. Then we examined the possibility of clarifying this issue by means of a judicial reference to the Supreme Court of Canada. However, it seemed to us that the answers to the, so to speak, theoretical questions that might be submitted to the court, would not settle the law and would not be binding. We were also of opinion that "a federal statute enacted on the basis of answers to such questions would not effect any constitutional guarantee of rights, as it could be amended or repealed at any time by parliament." Therefore we were "unable to recommend that the government give favourable consideration to the enactment of a bill of rights in the form of a federal statute."

On this matter of civil rights, representations were made to the effect that, in order to deal with specific grievances arising out of alleged breaches of such rights, it would be advisable to enlarge the jurisdiction of the Supreme Court of Canada, so that, by leave of that court, appeals would lie on questions of law in some instances in which there is now no appeal. In our report, at page 514, we say: "Your committee is of opinion that the government should give consideration to such an enlargement, and so recommends." This is our only positive and definite recommendation.

But we came to the general conclusion "that Canadians enjoy a large measure of civil rights and liberties" and that it is "beyond question" that these must be maintained. In spite of all the difficulties surrounding a specific definition of human rights and fundamental freedoms, we believe that the terms are in general well understood. As our report put its, "They exist, are enjoyed and must be preserved."

We insist that it is desirable to examine critically and earnestly any alleged curtailment of fundamental rights. We are convinced that respect and observance of our rights and freedoms depend in the last analysis upon a firm and well-informed public opinion. The ultimate and effective safeguard of such rights and freedoms lies in the people themselves. In other words, to quote an old saying, the price of liberty is eternal vigilance.

In accordance with our democratic principles, we require more public discussion before any further attempt is made to define in statutory form human rights and fundamental freedoms. In order to comply with the will of the Canadian people we must first make everyone more conscious of the privileges and responsibilities of citizenship. We must ascertain by what precise steps and constructive measures our Canadian ideal of freedom, equality and brotherhood can best be preserved and developed. The voice of the majority of the Canadian people must be clearly heard before we can proceed further with the question of human rights and fundamental freedoms.

Hon. ARTHUR W. ROEBUCK: Honourable senators, this is a subject in which I am interested, and upon which I would have spoken yesterday had not the lack of courtesy of the leader opposite denied me that opportunity. However, I have remained here until today, at considerable inconvenience, because I feel that there is something in connection with this report which should be said. I consider it an honour to be appointed to a joint committee of both houses of parliament charged with consideration of the question of human rights and fundamental freedoms, but—and I say in sorrow—I am keenly disappointed in

the report of that committee, which the honourable senator from De Salaberry (Hon. Mr. Gouin) has just expounded. I criticize nobody individually; certainly not the honourable gentleman who has just spoken. I accept such responsibility for the report as may be mine, as a member of the committee, and I point out that the noble sentiments expressed in the draft declaration by the United Nations Commission on Human Rights are not to be found in the report. I believe that if the most interesting and eloquent address which we have just heard were substituted in our records for the flat and uninteresting report of the committee, it would be a vast improvement.

Honourable senators will observe that the report is almost entirely negative. The committee advises against a statutory bill of rights, on the ground that the power of the Dominion Parliament to enact such a statute is in dispute; it is opposed to submitting to the Supreme Court of Canada the question of the extent of the powers of the Dominion Parliament in this regard, the ground being that it would initiate a controversy with the provinces; it is against incorporating a bill of rights in the British North America Act as a constitutional amendment, for reasons expressed in evidence by the Deputy Minister of Justice, namely, that such a constitutional amendment would be of doubtful value, would constitute a surrender of Canadian autonomy, and would curtail our rights and liberties rather than enlarge them. These are the main opinions expressed in the report—they cannot be called recommendations—and they are entirely negative.

The drafters do suggest that the government consider enlarging the jurisdiction of the Supreme Court of Canada to include some questions of law; but what these questions are the report fails to specify, except to say that they are not now subject to appeal. They further suggest that parliament take stock of the extent to which Canada has maintained the liberties of her people, and if imperfections appear they are to be remedied; but no imperfections are noted as a result of the evidence which has been heard.

And that is all!—One is tempted to comment that if the government is not more vigilant in finding imperfections than the committee has been, as indicated by the report, it will not be much troubled with the finding of remedies.

Now with these drab, uninspiring and negative conclusions, I am in general agreement. A comprehensive statutory bill of rights enacted by the Dominion Parliament does not seem to be possible, and a constitutional amendment is equally impractical. But do these practical conclusions with regard to procedure dispose of the whole matter of civil rights and fundamental freedoms? It would appear that the committee spent so much time debating the pros and cons of statutes and amendments that it overlooked the fact that the order of reference makes no mention of either of these things. What the order directs is a consideration of human rights and fundamental freedoms, and of this the report says practically nothing, except that they do exist and should be preserved—a platitude with which surely no one would disagree. One may vainly scan this flat and uninspiring document from beginning to end for a single assertion of human rights, or for any principle of freedom, either fundamental or otherwise. The reports says such things exist and should be preserved; but what they are, or how to be preserved, the committee either does not know or just does not tell.

The greatest documents of freedom in the world's history have not taken the form of either statutes or constitutional amendments.

When Moses came down from the mountain and delivered the ten commandments there was no attempt at legal effect. The Decalogue was, as the name implies, a declaration of moral principles which, with religious sanction, all mankind was urged to observe. It was for lesser men in later years to embody the command "Thou shalt not kill" in legal language and statutory form.

The Magna Carta, wrung by the Barons at Runnymede from a reluctant King in 1215, was not a statute; it was an agreement which the king did not even intend to observe; and yet the Magna Carta forms the basis of English civil liberties.

The American Declaration of Independence was not a statute. It was a declaration to the effect that all men are created equal and endowed with certain inalienable rights—among them being life, liberty and the pursuit of happiness. The political philosophers of the American Revolution had no thought of law-making, and yet from that day to this they have influenced the thought and actions of the whole world in support of civil rights and fundamental freedoms.

The Bill of Rights of William and Mary was in statutory form but, other than the sections dealing with the succession, it was intended more as a declaration of rights than as enforceable law.

Indeed, the committee itself has inadvertently recognized that the legal force of a statement is not essential to the power of truth. In its reference to the draft International Declaration on Human Rights by a

Committee of the United Nations, the report uses these words:

> Although not legally binding upon States, such a document, being a statement of principles, will tend to influence the course of legislation in States which consider themselves morally bound by its provisions, and will, therefore, promote human rights and fundamental freedoms.

Had we proceeded to declare great principles, rather than to content ourselves with legal subtleties, we might now say, as did Bishop Latimer in 1556 when the flames of martyrdom engulfed him:

> We shall this day light such a candle, by God's grace, in England, as I trust shall never be put out.

Canada has just fought a tragic and costly war in the defence of civil rights and fundamental freedoms. Is the Parliament of Canada now to say that we do not know what they are, or that what we fought for is so nebulous in our mind that we cannot put our principles into words?

This committee had it in its hands to declare, to Canada and to the world, a charter of Canadian liberty. It could have phrased exalted thoughts, if it had had any, in majestic words that might have rung in the ears of generations to come, and admonished judges and guided statesmen, in this and other lands, from this time on.

For two years your committee has deliberated, and this uninspiring, drab and negative confession of ineptitude is the armour of freedom it has forged. For two years the mountain has laboured—and it has brought forth this mouse.

Do you wonder that I say I am disappointed? I am voicing these views because I know that this miserable report is not the last of this subject, not the last of the struggle for freedom or of resistance to tyranny. I believe this committee capable of much better things, and I now express the hope that it will be given another opportunity at the next session of parliament to complete the task to which it was dedicated.

On motion of Hon. Mr. Aseltine the debate was adjourned.

INDIAN ACT

REPORT OF JOINT COMMITTEE

Hon. IVA C. FALLIS: Honourable senators, as a member of the Joint Committee of the Senate and the House of Commons appointed to examine into the Indian Act, the fact that concurrence in the committee's report has not been moved is rather disturbing to me. I should like to know what will happen to the report if prorogation comes tonight.

Hon. Mr. ROBERTSON: I was under the impression that the report was merely to be tabled for consideration in both houses of parliament; but I am not sure whether it was tabled in the other place. The honourable senator from Norfolk (Hon. Mr. Taylor), chairman of the Senate section of the committee, is not in his seat. There are two possible courses of action: one, to move concurrence in the report, and the other, to move that the report be tabled for the information of the house.

Hon. Mrs. FALLIS: The point that is bothering me is this. The report, of course, will go to the government for consideration before anything is done about it. I was wondering whether the report would have the same effectiveness if it were tabled as if it were adopted.

Hon. Mr. ROBERTSON: So far as I know, there has been no discussion of the report in the other place, and I am not clear as to the present position of affairs with regard to it. If parliament should prorogue today, I might move at the conclusion of the sitting that the report be tabled; or if any member of the committee is more conversant with the subject than I am, and should desire to speak to the report, or, in the absence of the honourable senator from Norfolk, move that it be concurred in, I would have no objection.

Hon. Mr. MURDOCK: I might point out that the report is printed in the Minutes of Proceedings under date of June 22.

Hon. Mr. ROBERTSON: If we should adjourn until next week, we could leave the matter until then. If we should conclude our session today, I might ask leave of the house to have the report officially tabled. Is that suggestion acceptable to the honourable senator from Peterborough?

Hon. Mrs. FALLIS: I am interested in knowing what would be the most effective way of bringing the report to the attention of the government. To drop it from the Order Paper does not seem the most satisfactory way of dealing with it.

Hon. Mr. ROBERTSON: Between now and the time we re-assemble I shall see what disposition has been made of the report in the other place, and recommend accordingly. Should there be a motion for concurrence, I would be at some disadvantage in trying to explain the contents of the report. Perhaps it would be sufficient to table it.

Hon. Mr. MURDOCK: Could the honourable senator from Peterborough not move the adoption of the report after further information has been received?

Hon. Mrs. FALLIS: I will move adoption, if the honourable leader of this house thinks it proper for me to do so. I do not wish to usurp the rights of the chairman of the Senate section of the committee.

Hon. Mr. ROBERTSON: Should the other house concur in the report, we might take advantage of the wisdom and eloquence of the honourable senator from Peterborough, and ask that she move concurrence in the report on behalf of the chairman of the joint committee.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, the business of the house is almost concluded, and we are now awaiting receipt of the Supply Bill from another place. Among the few items left on our Order paper is a motion in my name concerning the national capital. There is also an order for the second reading of the Bankruptcy Bill. It will be recalled that some time ago I stated that my primary purpose in introducing this bill was to make it available at once for distribution among interested parties, but that it would not be proceeded with this session. As to the resolutions concerning the agreements on tariffs and trade, the Prime Minister has announced that he is not asking parliament to approve them at the present session.

Recently I drew attention to the splendid services rendered during the session by the Standing Committees on Divorce and on Immigration and Labour. I should now like to pay a similar tribute to our other Standing Committees, not by specific references, but by recording a general appreciation of their devotion and their skilful and painstaking work. I think it is self-evident that departmental and other witnesses who appear before our committees show a healthy respect for the intelligent and keen questioning of committee members.

Comparisons would be invidious, but I should like to refer to the work done by the Standing Committees on Banking and Commerce, Private Bills, Canadian Trade Relations, Transport and Communications, and Natural Resources. Some of the other committees also have had excellent meetings. For instance, the Committee on Public Buildings and Grounds, presided over by the honourable senator from Thunder Bay (Hon. Mr. Paterson) held an interesting discussion about the future plans for the development of the city of Ottawa.

I think I should refer to the outstanding accomplishment of the Standing Committee on Transport and Communications while dealing with a very difficult railway bill. In acting as mediators between the two major railway companies of Canada—the Canadian National and the Canadian Pacific—the committee members displayed their talents in a new light. By facilitating withdrawal of the legislation, they were able to effect a most happy solution. It seems to me that this fact deserves more than passing notice.

Honourable senators, I have just been advised by the Clerk that, the House of Commons, without any debate, concurred this morning in the report of the Joint Committee on Indian Affairs. When the Senate reassembles today, perhaps the honourable senator from Peterborough (Hon. Mrs. Fallis) will explain the details of the report and move concurrence in it.

Hon. Mr. MURDOCK: When presenting the report of the Joint Committee on Indian Affairs to this house on June 2, the honourable senator from Norfolk (Hon. Mr. Taylor) said:

> I shall move concurrence in the report on Thursday next, when it will be in printed form.

Therefore, the report is awaiting a motion for concurrence.

The Senate adjourned during pleasure.

At 8 o'clock the sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, I am advised that although reasonable progress has been made in another place there is no possibility of prorogation this evening. In the circumstances, I move that when the Senate adjourns today it stand adjourned until Monday next at 3 o'clock in the afternoon.

The motion was agreed to.

The Senate adjourned until Monday, June 28, at 3 p.m.

APPENDIX

THE DRAFT DECLARATION OF HUMAN RIGHTS

Preamble

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world, and

Whereas disregard and contempt for human rights resulted before and during the second World War, in barbarous acts which outraged the conscience of mankind and made it apparent that the fundamental freedoms were one of the supreme issues of the conflict, and

Whereas it is essential, if mankind is not to be compelled as a last resort to rebel against tyranny and oppression, that human rights should be protected by a regime of law, and

Whereas the peoples of the United Nations have in the Charter determined to reaffirm faith in fundamental human rights and in the dignity and worth of the human person and to promote social progress and better standards of life in larger freedom; and

Whereas member states have pledged themselves to achieve, in co-operation with the organization, the promotion of universal respect for and observance of human rights and fundamental freedoms; and

Whereas a common understanding of these rights and freedoms is of the greatest importance for the full realization of this pledge,

Now, therefore, the General Assembly

Proclaims this Declaration of Human Rights as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the people of member states themselves and among the people of territories under their jurisdiction.

Article 1

All human beings are born free and equal in dignity and rights. They are endowed by nature with reason and conscience and should act toward one another in a spirit of brotherhood.

Article 2

Everyone is entitled to all the rights and freedoms set forth in this declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, property or other status, or national or social origin.

Article 3

Everyone has the right to life, liberty and security of person.

Article 4

1. No one shall be held in slavery or involuntary servitude.

2. No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 5

Everyone has the right to recognition, everywhere, as a person before the law.

Article 6

All are equal before the law and are entitled without any discrimination to equal protection of the law against any discrimination in violation of this declaration and against any incitement to such discrimination.

Article 7

No one shall be subjected to arbitrary arrest or detention.

Article 8

In the determination of his rights and obligations and of any criminal charge against him, everyone is entitled in full equality to a fair hearing by an independent and impartial tribunal.

Article 9

1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.

2. No one shall be held guilty of any offence on account of any act or omission which did not constitute an offence, under national or international law, at the time when it was committed.

Article 10

No one shall be subjected to unreasonable interference with his privacy, family, home, correspondence or reputation.

Article 11

1. Everyone has the right to freedom of movement and residence within the borders of each state.

2. Everyone has the right to leave any country, including his own.

Article 12

1. Everyone has the right to seek and be granted, in other countries, asylum from persecution.

2. Prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations do not constitute persecution.

Article 13

No one shall be arbitrarily deprived of his nationality or denied the right to change his nationality.

Article 14

1. Men and women of full age have the right to marry and to found a family and are entitled to equal rights as to marriage.

2. Marriage shall be entered into only with the full consent of both intending spouses.

3. The family is the natural and fundamental group unit of society and is entitled to protection.

Article 15

1. Everyone has the right to own property alone as well as in association with others.

2. No one shall be arbitrarily deprived of his property.

Article 16

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 17

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 18

Everyone has the right to freedom of assembly and association.

Article 19

1. Everyone has the right to take part in the government of his country, directly or through his freely chosen representatives.

2. Everyone has the right of access to public employment in his country.

3. Everyone has the right to a government which conforms to the will of the people.

Article 20

Everyone, as a member of society, has the right to social security, and is entitled to the realization, through national effort and international co-operation, and in accordance with the organization and resources of each state, of the economic, social and cultural rights set out below.

Article 21

1. Everyone has the right to work, to just and favourable conditions of work and pay, and to protection against unemployment.

2. Everyone has the right to equal pay for equal work.

3. Everyone is free to form and to join trade unions for the protection of his interests.

Article 22

1. Everyone has the right to a standard of living, including food, clothing, housing and medical care, and to social services, adequate for the health and well-being of himself and his family, and to security in the event of unemployment, sickness, disability, old age or other lack of livelihood in circumstances beyond his control.

2. Mother and child have the right to special care and assistance.

Article 23

1. Everyone has the right to education. Elementary and fundamental education shall be free and compulsory and there shall be equal access on the basis of merit to higher education.

2. Education shall be directed to the full development of the human personality, to strengthening respect for human rights and fundamental freedom, and to combating the spirit of intolerance and hatred against other nations and against racial and religious groups everywhere.

Article 24

Everyone has the right to rest and leisure.

Article 25

Everyone has the right to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement.

Article 26

Everyone is entitled to a good social and international order in which the rights and freedoms set out in this declaration can be fully realized.

Article 27

1. Everyone has duties to the community which enables him freely to develop his personality.

2. In the exercise of his rights, everyone shall be subject only to such limitations as are necessary to secure due recognition and respect for the rights of others and the requirements of morality, public order and general welfare in a democratic society.

Article 28

Nothing in this declaration shall imply the recognition of the right of any state or person to engage in any activity aimed at the destruction of any of the rights and freedoms prescribed herein.

THE SENATE

Monday, June 28, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NATIONAL CAPITAL

MOTION

Hon. WISHART McL. ROBERTSON moved:

That this house is of the opinion,—

(1) That the requirements of a national capital involve, from time to time, developments of a character beyond the municipal improvements ordinarily required in other cities;

(2) That the development of a national capital is at least in part a national responsibility, in view of the fact that Ottawa is designated by the British North America Act to be the capital of Canada;

(3) That the carrying out of planned improvements requires a clear expression of intention to proceed with necessary developments in a manner which will ensure continuity;

(4) That it is desirable that all developments of the capital should be in accordance with an approved plan which has regard to the position of the city of Ottawa as a national capital in the present, and to its probable needs as the capital of Canada in years to come.

(5) That a special account in the consolidated revenue fund, to be known as the national capital fund, should be created to which appropriation may be made annually by parliament over a period of years of the amounts required from time to time to meet the costs of such projects as may be recommended by the federal district commission and approved by the governor in council for the development of the national capital and the surrounding area, in accordance with the plan;

(6) That it is desirable that the work necessary to this end be under the supervision of the Federal District Commission, distinct from its ordinary operations;

(7) That the expenditure of moneys for these purposes should be conditional on the effective co-operation of the city of Ottawa and other municipalities within the national capital district.

He said: I have asked the honourable senator from Thunder Bay (Hon. Mr. Paterson) to speak to this resolution. As honourable senators will remember, he was chairman of the committee that had before it representatives of the Federal District Commission, and considered plans and long-term proposals in connection with the city of Ottawa.

Hon. NORMAN McL. PATERSON: Honourable senators, it would take at least a two-hour speech to properly handle this subject. As it is a hot day, and I have never made a two-hour speech in my life, I shall only burden you for fifteen or twenty minutes.

This is an easy motion to speak to, because it is about your city, my city, the most beautiful city in Canada—Ottawa. As we all know, it is located on the confluence of three rivers, the Rideau, the Gatineau, and that wonderful river, the Ottawa, which provides a waterway towards the sea for navigation by boats of a limited size.

The historical value of Ottawa cannot be stressed too much. Samuel Champlain passed the site of Ottawa in 1613. In 1800 Philemon Wright established a settlement where the city of Hull now stands, and in about 1820 one Nicholas Sparks came over to this side of the river and located on land which is now in the heart of Ottawa. In 1827 this settlement was given the name Bytown. In 1854 it became Ottawa, and in 1857 was chosen by Queen Victoria as the capital of Canada. Ten years later, in 1867, the British North America Act confirmed it as the capital of Canada, which it was to remain until otherwise directed by Her Majesty.

Through the years Ottawa has developed as a diplomatic centre. At the present time there are twenty-five or thirty foreign offices or agencies in Ottawa, representing various countries throughout the world, and eventually there will be over seventy. From this it will be seen that as time goes on the city will increase in size and importance.

The wisdom of planning ahead in the development of this city is well illustrated by what happened to Washington. In 1791 Washington and Jefferson commissioned Pierre Charles L'Enfants to prepare plans for the development of that city. At that time there were only 4,000,000 people living in the United States, and the capital was planned for a population of from 500,000 to 800,000 inhabitants. The plan provoked great ridicule, and in 1825 it was abandoned. However, in 1900 it was again proceeded with, and, although the cost was terrific, a magnificent city was created out of a piece of flat land.

The Ottawa plans of Jacques Greber and his associates cover a future period of from eighty to a hundred years. There is no intention at this time of appropriating the full amount of money to be spent on these wonderful plans, but something has to be started now. The city is growing rapidly and the transportation system needs immediate attention. Moneys are required for alterations which are to be worked out in accordance with the general plan. If these alterations are not made now by the Federal District Commission, the City of Ottawa itself might proceed to make changes that would not be in line with the general long-distance plan. Consequently, the

motion calls for the creation in advance of a fund to meet the cost of projects which may be recommended from time to time by the Federal District Commission, a fund to which in future further amounts will be voted to carry out the long-distance plan.

As the leader of the government has stated, the Standing Committee on Public Buildings and Grounds had on exhibition a magnificent model of the proposed layout, and plans for the development of the National Capital. Following this exhibition the committee made a preliminary report. A final report was not made, because the committee felt that there should be further opportunity given to see the plans.

Unfortunately, because so many other committee meetings were being held at the time, these plans did not receive the attention that our committee had hoped for. In the other house this morning there was some complaint that the plans had not been given sufficient publicity and that that house was not well informed about them. If that is so, it is really the fault of honourable members of that house, for the plans, which fully explained Ottawa's future development, were on exhibition here for a week, and were seen by the mayor of Ottawa and some of the city councillors as well as by a few members of the government.

Honourable senators, I do not know that there is anything further I need to say on the importance of planning for the National Capital.

Hon. Mr. ROBERTSON: Honourable senators, I should like to be permitted to say a word in addition to the excellent explanation that has just been made by the honourable gentleman from Thunder Bay (Hon. Mr. Paterson). I think that the procedure whereby parliament expresses its long-term intention in this important matter, while reserving the right to provide year by year the amount necessary for developments as they proceed, will commend itself to a majority of the people of Canada. Perhaps it would be easy to suggest that specific appropriations from the national revenue might be spent to better effect in other parts of the country, but it seems to me that there is a general feeling, which will make itself more and more evident as time goes on, that the efforts of man should be joined to the natural advantages which this area provides, for the purpose of creating a national capital of which Canadians everywhere can be proud.

I do not think that anyone could reasonably deny that, as was said by my honourable friend from Thunder Bay, it is desirable to have a carefully prepared plan for future developments. Each of us, wherever we live, can look back and see how our respective communities would have been greatly improved if a plan—perhaps in some cases a relatively simple one—had been laid down years ago and followed in the interval.

It seems to me desirable that parliament should concur in the proposal that consideration be given to future development in this respect. It is natural that those charged with the responsibility of making these plans should assume a greater degree of certainty as to what future parliaments will do than this resolution suggests, or that the passing from year to year of specific amounts in the estimates for certain projects would contemplate.

A definite plan of development covering the next five or ten years, which would bind this country and future parliaments to make certain expenditures, is something that I do not think would meet with the approval of the Canadian people. My opinion is, therefore, that parliament should now consider the question in a general way and express the belief that there should be a co-ordinated plan of development for the future. It should also give direction to those responsible for the carrying out of the scheme, and from time to time should have the opportunity of reviewing it in the light of existing circumstances. By such a long-range plan we can look forward to a more continuous development in the beautification of the national capital and the surrounding area.

It is inevitable that as between the federal government and the corporations of the city of Ottawa and the adjoining municipalities there will be differences of opinion. Paragraph 7 of the resolution states that:

> The expenditure of moneys for these purposes should be conditional on the effective co-operation of the city of Ottawa and other municipalities within the National Capital district.

It seems to me that as time goes on and the people become more familiar with the project, public opinion will demand effective co-operation from the municipalities concerned.

I commend this resolution to honourable senators for favourable consideration.

Hon. R. B. HORNER: Honourable senators are aware that I am opposed to this grandiose scheme for the development of the national capital. I objected to the proposal when it was first discussed, and at that time I read letters from certain prominent men in Canada who, I argued, were competent to undertake the management of such a development. I still believe that we need not have imported a man to direct this beautification scheme.

I maintain that if the authorities would agree to my method of financing such undertakings, Canada could develop not only her national capital, but many other things in all parts of the country, for the benefit of the people. All over this country people are living in shacks because, by reason of high taxation, they are unable to provide themselves with proper accommodation. Yet they are to be taxed further to promote a scheme under which many excellent and useful buildings, including, I understand, a number of dwelling houses, are to be torn down or practically destroyed. To me the destruction of property and the tearing down of buildings is most regrettable. I suppose that our very fine Union Station is marked for destruction. I am reminded of the New Testament parable which tells of the fate of the man whose ambition was to tear down his barns and build greater.

In spite of the serious situation of the world today, we are going to develop a great national capital. I believe such a project would be justified only if we were living under conditions of security, and after we had done enough to satisfy our own people that conditions in this country are what they ought to be. I am reminded of another biblical passage which teaches us that the house of the man who builds on the sand is soon washed away, and that to have permanency one must build on a rock. By analogy this can be taken to mean that all proper measures must be taken for the defence of this country, to ensure, so to speak, a proper title and continuity of ownership before large sums of money are expended on the property. Listening to the debate in the other place, I heard one of the members argue that the fulfilment of this scheme would be a great manifestation and example of national unity. But in my view, before making large outlays on the improvement of the national capital, we should take note of the present world crisis and determine by what methods our capital can be defended. I have the greatest interest in the future of our country and in methods of efficiently defending it; and to my mind the first step towards unity is to decide on ways and means of national self-preservation, preferably by means of the draft and equal responsibility in matters of defence. To undertake great improvement schemes without an adequate system of defence is like building on sinking or shifting sands. At least, before we go too far with a scheme which involves large expenditures of money and considerable destruction of property, we should be sure that the people of Canada favour action at this time to develop the national capital.

Hon. C. L. BISHOP: This, honourable senators, is a noble project for making Ottawa and district what it ought to be—a really national capital. Belonging as it does to all of Canada, it is a national responsibility. It fully merits the very substantial appropriation parliament is making and the warm approval which it has been given. As one of the senators for Ottawa, I wish to associate myself with all that has been so well said and so properly said in this house in endorsement of the project.

I think it is a very fine thing for the Prime Minister to choose this subject as possibly the last that he may put forward in his capacity of leader of parliament. It indicates his deep and unfailing interest in the embellishment of the city and district, and in giving it the status of a "national capital" in the fullest sense of the word.

Hon. NORMAN P. LAMBERT: Honourable senators, I think it would be appropriate to say a word or two about the background of this resolution. Three years ago I had the privilege of being a representative from this chamber on the joint committee of both houses which considered this subject. It was a most interesting experience to serve on that committee, whose sessions extended over a month, because, as the problems which had to be dealt with were considered, opinion crystallized into a unanimous and national view regarding the development of the capital. It will be remembered, I think, that the joint committee, the membership of which included representatives from every province in Canada, unanimously agreed upon its report. This report resulted in certain amendments of the Federal District Act which enabled the Federal District Commission, through the National City Planning Commission, to deal with plans in detail in conjunction with Mr. Greber. An aspect of the Federal District Commission's work which was not dealt with in the report relates to the area, known as the park area, which extends out through the Gatineau hills. That section of the work was laid aside for the time being, while attention was concentrated upon the improvement of the national capital itself.

Mr. Greber, who before the war had prepared some plans and suggestions, was asked to return to Ottawa and complete his work. He was responsible to the National City Planning Commission, which was set up under the authority of the Federal District Commission. Subsequently the plans were completed. A great deal of work has been done in the three years which have passed since the joint committee's report was made. Today the National City Planning Committee, in association with

Mr. Greber, has committed to paper a plan for the development of Ottawa over a period of years.

The resolution before us simply sets down the principle that certain moneys will be needed to carry out the work. It specifies no amount, but it relates particularly this year to an item of $2,500,000, to be included in the supplementary estimates for the purpose of building a bridge which was publicly mentioned last year. The bridge is to extend from the end of Albert street across the canal and the railway tracks, and on through to Waller streeet, thus providing a parallel outlet for the traffic which is now so much congested at rush hours in the area fronting Confederation Square and the Chateau. The building of this bridge is therefore one of the first essentials in laying the foundation for the future development of the national capital, not only from the point of view of the capital city, but also from the point of view of the district of Ottawa, which enjoys many benefits from the increasing number of tourists entering the city every year.

There are other important improvements which are almost equally essential, but they cannot be proceeded with immediately because of the necessity for conserving financial resources. Three years ago the joint committee, in its report, recommended that the railway terminal be moved to a suburban location in order to leave the central part of the city open to a more desirable arrangement than now exists. It also recommended that at the earliest possible moment a modern sewage disposal plant be established for Ottawa and Hull. At the present time there is a very undesirable and discreditable condition in connection with sewage waste in the Ottawa River, which runs between properties owned by the people of this country. These are just two or three aspects of the work that lies ahead.

In connection with the $2½ million that is included in the supplementary estimates to defray the expense of building this bridge, attention should be drawn to clause 7 of this motion:

> That the expenditure of moneys for these purposes should be conditional on the effective co-operation of the city of Ottawa and other municipalities within the national capital district.

This means that without what is termed "effective co-operation" it would be impossible for the federal authorities, through the planning commission, to build this bridge or effect any other improvements. Certain expenditures in connection with the approaches to this bridge will inescapably have to be borne by the city of Ottawa itself. The amount of these expenditures is not known, but is now being determined by the engineers. In view of the fact that the Dominion Government is providing $2½ million, it is certainly to be hoped that the municipality of Ottawa will not find it difficult to provide the money for the necessary approaches to the bridge. During the past fifteen years the city of Ottawa has been successful in reducing its debenture debt from something like $28 million to seven or eight million. The proposed expenditure, which might be regarded as of a capital nature, will undoubtedly pay many dividends in the form of increasing tourist traffic and other incidental benefits. Anybody who has passed through the eye-of-the-needle area adjoining the National Monument, knows that there is great need for relief in the traffic situation of Ottawa.

Apart altogether from local interest, the national aspect of this whole beautification scheme, which it is hoped will be matured and brought into effect over the years, will do something towards reflecting what undoubtedly has been evident to all of us during and since the war. I refer to the national unity and solidarity of this country. I think that Canadians today, regardless of where they live, feel that they have more in common and are closer together than ever before. Something to reflect that fact and represent worthily the aspiration of our people for a definitely individualistic and united Canada, can be found in a sensible and artistic development of Ottawa as the capital city of this country.

Hon. Mr. ASELTINE: Can the honourable senator tell me how much money it is proposed to spend on this scheme during the coming year?

Hon. Mr. LAMBERT: Two and a half million is the amount that is mentioned in the supplementary estimates for the purpose of building this bridge. In addition to that, of course, there is the grant that has been made to the Federal District Commission for its regular work. That grant was made on a three-year basis and does not come up this year.

Hon. Mr. ASELTINE: Is it proposed to build the bridge this year?

Hon. Mr. LAMBERT: It is proposed to start the bridge just as soon as the city of Ottawa agrees upon the expenses involved in the approaches to the bridge.

Hon. W. M. ASELTINE: Honourable senators, this appears to me to be a very important motion. I am sorry indeed that there are so few senators present to give it the consideration that I think it should have. I do not know that I am prepared to agree to the spending of any large amount of money on the scheme at this time, because world conditions, as stated by the honourable senator from Blaine Lake (Hon. Mr. Horner), are very serious. We do not know but that in the very near future we may be obliged to defend this country of ours against aggression from Europe or Asia.

I was present at the exhibition of the plans and specifications for the beautification of Ottawa, for which the honourable senator from Thunder Bay (Hon. Mr. Paterson) was responsible. I was very much disappointed that only two or three other senators were present. The scheme outlined by Mr. Greber was very comprehensive. It called for the wrecking of a great many buildings and the re-arranging of streets to alleviate the traffic congestion on Wellington and Rideau streets. In my opinion this would cost many hundreds of millions of dollars, and I think that before we proceed with anything like that we should have a consultation with the other provinces. Paragraph 7 of the motion reads:

> That the expenditure of moneys for these purposes should be conditional on the effective co-operation of the City of Ottawa and other municipalities within the national capital district.

It seems to me that before much money is spent we should make sure whether in these proposed developments we have the effective co-operation of the provinces—Ontario and Quebec in particular—as well as that of the city of Ottawa and the adjoining municipalities.

As pointed out by the honourable senator from Blaine Lake, at the present time this country is faced with such serious problems as national defence and lack of housing; and until we have done more about these matters it would perhaps be well to postpone any great expenditures on the beautification of Ottawa.

Though I have thought it well to make these few remarks, I do not intend to oppose the motion.

The motion was agreed to.

INDIAN ACT

REPORT OF JOINT COMMITTEE

The Senate proceeded to consideration of the fourth report of the Joint Committee on the Indian Act.

Hon. WILLIAM H. TAYLOR: Honourable senators, I regret having been absent from a previous sitting when the order for consideration of this report was called. Since then the other house has, without discussion concurred in the committee's report, and I therefore now move that the Senate also concur in it.

As the report states, the committee has been sitting during the last three sessions. In 1946 evidence was heard from departmental officials; during the next session we had before us Indians representing the various reserves throughout Canada, and at the present session we continued and completed our examination of the Indian Act.

The committee deems it advisable that almost every section of the Act should be either repealed or amended, and a draft bill is at present before the law officers of the Crown. One of the recommendations in the report is that immediately parliament next reassembles a special joint committee be constituted with powers similar to those granted to the committee this year, and that the draft bill be referred to it. Therefore, concurrence in the report will not necessarily mean adoption of our recommendations, for these will come before parliament next session in the form of amendments to the Act.

The committee has made various recommendations which it believes will improve administration of the Act from the point of view of the Indians themselves. I might call attention to this paragraph in our report:

> All proposed revisions are designed to make possible the gradual transition of Indians from wardship to citizenship and to help them to advance themselves.

I should like to take this opportunity of thanking all members of the Senate section of the joint committee for their faithful attendance at meetings. The revising of the Act, section by section, was perhaps not as interesting as some of the work done during the two preceding sessions, but the committee feels that its report, to which its members unanimously agreed, will be of great benefit to the Indians of Canada.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, there is a difference of opinion as to

whether parliament can finish its business in time to prorogue this evening, but I have been asked to request the Senate to hold itself in readiness for that eventuality. I therefore move that the house adjourn during pleasure, to resume at the call of the bell, probably at 9 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

At 9 o'clock the sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, there seems to be no reasonable prospect that prorogation will take place this evening. In the circumstances, I move that this house do now adjourn.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 29, 1948.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF JOINT COMMITTEE

The Senate resumed from June 26 the adjourned debate on the motion of Hon. Mr. Gouin for concurrence in the final report of the Special Joint Committee on Human Rights and Fundamental Freedoms.

Hon. W. M. ASELTINE: Honourable senators, my reason for moving the adjournment of the debate on this motion was to find out exactly how the matter was dealt with in another place. I find that it was debated pro and con in that house, following which the report was tabled. In the Senate the report has been presented and explained, and we have heard a speech in opposition to it. I would suggest that in this honourable chamber the report be dealt with as it was in another place, that is, that it be tabled.

Hon. Mr. ROBERTSON: I am quite in agreement with the acting leader of the opposition (Hon. Mr. Aseltine). I think, though, that he is perhaps in error in saying that the report was discussed in another place, for my understanding is that it was tabled there without discussion. As concurrence in the report has been moved here, my honourable friend might move in amendment, if it is agreeable to the mover (Hon. Mr. Gouin), that the report be not concurred in, but that it be tabled. I should be happy to support such an amendment.

Hon. Mr. ASELTINE: I so move.

The amendment of Hon. Mr. Aseltine was agreed to, and the report was tabled.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, I have been advised that there is reasonable hope that the business of the other house will be concluded in time to make prorogation possible today or, in any event, early tomorrow. It remains to be seen whether that prediction is correct, but in order that we may be in readiness to facilitate the closing of the session this evening, I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell, at approximately 9 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

At 9 o'clock the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, while there is some difference of opinion as to the progress that is being made in the other house, it seems unlikely that prorogation will take place tonight. I see no purpose, therefore, in suggesting that the Senate remain in session this evening, but will ask when it adjourns that it stand adjourned until tomorrow morning at eleven o'clock.

THE ESTIMATES

DISCUSSION

Hon. Mr. ASELTINE May I ask the honourable leader of the government if it would be possible to consider the estimates tonight before the appropriation bill reaches us?

Hon. Mr. ROBERTSON: I shall be glad to accept the suggestion of the honourable acting leader opposite, if it meets with the approval of the house.

The Hon. the SPEAKER: Are copies of the bill available?

Hon. Mr. ROBERTSON: Copies are not available, but I am prepared, with leave of the house, to make a brief explanation of the bill.

The Hon. the SPEAKER: If the house agrees, I see no objection.

Hon. Mr. ASELTINE: My reason for making the suggestion is that I am obliged to leave for the West tonight, and I should like to hear the honourable leader's explanation of the bill.

Hon. Mr. ROBERTSON: Honourable senators, I am obliged to refer to the provisions of the bill in round figures, because I have not the exact amounts before me. As honourable senators know, the estimates we are called upon to consider have been for some time before our Finance Committee, by whom the details of the proposed expenditures were carefully studied. I shall confine my remarks to a comparison of round figures, under various categories, with our expenditures

in 1939, since when, as honourable members know, very marked increases have occurred.

The entire main estimates aggregate $1,985 million, and there are first supplementary estimates of $197 million and further supplementaries of $10,000,000—a total of $2,192 million. Compared with the total authorized expenditure last year of $2,199 million, there is a slight decrease, amounting to roughly $7,000,000. In the last ten years the sum required for national expenditures has risen from $553 million to $2,192 million. I do not need to enlarge on the fact that this is a very substantial increase.

Rather than attempt a detailed analysis of these estimates, I propose to divide them into six classifications, namely fiscal, military, social security, public works, subsidies, and all others, and to quote some comparative figures as I go along.

Under the classification "fiscal" I include interest on public debt and payments to provinces. Honourable senators will be interested to know that whereas in 1939 the total expenditures under this head were $142 million, the total of the main estimates and supplementaries amounts this year to $554 million.

The next classification is "military," comprising national defence and expenditures in connection with all forms of assistance to veterans. In 1939 the total was $77,000,000; today it is $575 million, lacking only $2,000,000 of an increase of $500 million.

Under "social security" five items are included, namely family allowances, old age and blind pensions; unemployment insurance; health grants; and other services. Our total expenditure in 1939 was $76,000,000; today provision under the main and supplementary estimates amounts to $425 million.

In the category of "public works" is included housing, other reconstruction, public works and flood relief. The last-named item, for which $10,000,000 is provided, is for assistantce in British Columbia. Public works expenditures in 1939 were $21,000,000; this year the amount to be provided is $197 million, an increase of $176 million. Housing alone accounts for $69,000,000.

The Wartime Prices and Trade Board and Agricultural Subsidies showed a blank for 1939, but the estimated expenditures for this year are $61,000,000.

In 1939 expenditures for ordinary functions of government, with which honourable senators are all familiar, amounted to $237 million, as compared with a figure of $380 million for 1948.

The activities of certain government departments have been increased, as has the wage scale, but the outstanding feature in relation to the total expenditure is the increase to $2,192 million from the relatively small figure of $553 million. The major items of increase are in connection with interest on the public debt, payments to provinces, national defence, veterans affairs, social security, and various types of public works, including housing. Whether or not these figures should have been materially less is a matter of opinion. Although there is always demand for a material reduction in the cost of government, it must be remembered that there has been steady pressure for an increase of many of these items. It is questionable whether the estimate of $251 million for national defence is enough. Many eminent public men with military experience claim that it should be much larger. An amount of $324 millions has been set aside for veterans affairs. Few would suggest that it should be reduced, but there are many who think it should be increased. I believe that in the later part of the session representations were made to the Veterans' Committee in another place to have the already huge sum increased. And so it is down the scale.

Honourable senators, I have not attempted to go into any of the countless details—with many of which I am not too familiar—because I did not anticipate that we would have so much time at our disposal at this period of the session. But I thought the house would like to have a brief reference to pre-war expenditures in those six classifications, with which all honourable senators are familiar.

Hon. W. M. ASELTINE: Honourable senators, the figures which the leader of the government has just given us are startling, to say the least. We had all been hoping that in the years following the end of the war the government's expenditures would have decreased much more than they appear to have done. However, this chamber seemingly cannot do much about the matter.

As the leader of the government stated, these estimates have been before us in printed form for some weeks, and I have no doubt that honourable senators have been studying them. I have spent several days going over the long list of items, and I find that some of them are very interesting. I even noticed one of $25,000 for a public building at Rosetown, Saskatchewan.

Hon. Mr. HORNER: Why build anything there?

Hon. Mr. ASELTINE: I hope that is for a new post office building, for we have none there now that is worthy of the name. I have

no hesitation in saying that the postal revenues from Rosetown are larger than those from any other town of equal size in the Dominion, and during the last twenty years we have been agitating for a building suitable to the volume of business that is done. At Rosetown we also have quite a large branch of the Royal Canadian Mounted Police, and I hope the government intends to make the new post office building large enough to accommodate that force as well.

From the copy of the supply bill that I have before me I observe that subsection 1 of section 4 empowers the Governor in Council to raise a loan of $200 million for public works and general purposes, and I take it that this sum is in addition to the other estimates. I should like to ask the leader of the government if he has any information as to what public works are intended to be undertaken with this money.

I notice in the estimates numerous items of expenditure for piers, harbour facilities, dredging, buildings and other public works throughout the Maritime Provinces, Quebec and Ontario, but except for work being done along the Fraser river, no provision is made for such improvements in the western provinces and British Columbia.

The estimates provide that the sum of $100,000—which I presume is an annual expenditure—be set aside to cover the cost of the committee appointed to inquire into and make plans for the beautification of Ottawa.

Hon. Mr. HORNER: Is any allowance made for guide services, to direct the people when the beautification scheme has been completed?

Hon. Mr. ASELTINE: The bill just shows the lump sum of $100,000. The plans and specifications for this development have been in course of preparation for a number of years, and it seems to me that by this time they should be in such form as to indicate exactly what it is intended to do in the future. I believe that the services of the planners should be dispensed with, and that instead of our paying large sums to people outside the country, we should place the matter in the hands of Canadian engineers and architects. I am surprised to see this large item in the estimates, particularly when we are anxious to cut down expenditures.

Notwithstanding what I have said about reducing expenditures, I should like to see the government spend some money on reopening "Lovers' Walk" around the Parliament Buildings. When I came to Ottawa in 1925 that was one of the beauty spots of the city; but it has been closed for several years because it is said to be unsafe. I suggest to the government that the reopening of that walk would be an attraction to people visiting Ottawa from other parts of Canada and the United States.

I do not suppose that the Parliament of Canada has anything to do with the practice of lining the city of Ottawa streets with garbage cans in the mornings. When I get up early to go for a walk, and see a line of these containers stretching into the distance, it is not a pleasant sight. I hope the honourable senator from Ottawa (Hon. Mr. Lambert) will take note of this situation.

In my remarks on the beautification scheme yesterday I forgot to mention the lack of town-planning which is so apparent in the city of Ottawa. In every other city I have visited, and certainly in those of western Canada, provision is made for laneways behind the buildings, where garbage may be deposited and collected. It would seem to me that the city of Ottawa should in the near future consider the advisability of making provision for garbage collection, especially in new subdivisions where there is plenty of land. The honourable senator from Ottawa may have something to say on this point.

At the outset of my remarks I said that I did not think we could do much at this time with regard to these items. As the leader of the government has pointed out, we have studied them in the Finance Committee; we have also studied them in our rooms; and I might add that, to make myself as well-informed as possible, I have been a faithful attendant in the gallery of the House of Commons, where I listened to the explanations with reference to hundreds of items.

Hon. Mr. ROBERTSON: The honourable senator from Rosetown asked a question relating to section 4 of the draft bill empowering loans of $200 million for public works and general purposes. I speak subject to correction, but I think that each year there is an identical provision in the Appropriation Act to enable the government to meet any deficiency of cash revenues which may arise during the ensuing year. As I understand it, the provision is not of the nature of long-term borrowing for any specific work, but is to provide for temporary financing—for instance, to redeem treasury bills or meet other current obligations. Section 4, subsection 4 of the bill contains these words:

> All borrowing powers authorized by section five of chapter seventy-eight of the statutes of 1947 which are outstanding and unused shall expire on the date of the coming into force of this Act.

And, by section 5; it is provided that:

5. A detailed account of the sums expended under the authority of this Act shall be laid before the House of Commons during the first fifteen days of the then next session of parliament.

The borrowing powers contained in these sections automatically lapse upon the date of the coming into force of the next Appropriation Act.

As regards the specific estimate relating to Rosetown, I hope the honourable senator who represents that district (Hon. Mr. Aseltine) is rightly informed. I cannot profess to have any detailed knowledge of these matters, but the item, it seems to me, may be regarded as an illustration of the reluctance of this government to make expenditures on a partisan basis. Although I am not very familiar with the geography of Saskatchewan, I understand that those who represent the constituency in question cannot by any stretch of imagination be looked upon as ardent supporters of this administration.

Hon. Mr. ASELTINE: I am not really responsible for the representation.

Hon. Mr. ROBERTSON: I have not the exact figures of proposed expenditures in the Maritime Provinces, although I do not doubt that they are relatively and, perhaps, almost pitifully small; at all events, considering the very great need in particular instances, they are less than they should be. And while it may be true that the province of Saskatchewan lacks appropriations for piers and breakwaters, I have no doubt that these deficiencies are more than made up in other directions.

Hon. R. B. HORNER: Honourable senators well know that I rarely mention that wonderful home town of mine, Blaine Lake. I do not want anyone to get the impression from this that Blaine Lake is not a place of great importance. Some ten years ago the government purchased two beautiful lots there with the intention of building a post office. Perhaps, if I had searched through the estimates, as did the honourable senator from Rosetown (Hon. Mr. Aseltine), I would have found that $25,000 or $30,000 had been set aside for that building. I hope that is so, because the postmistress there, who succeeded her father, does not want to improve the building because she does not own it. The war has been over for several years now, and as the people have been expecting a new building for some time, I do hope that some provision has been made for its construction.

Many honourable senators frequently boast of their own cities or towns. Because I have not followed that practice, I do not want it thought that my home town of Blaine Lake is not, as I have said, a place of importance.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Wednesday, June 30, 1948.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. ROBERTSON: Honourable senators, there seems to be a reasonable measure of agreement in the opinion that prorogation will take place today, but there is no prospect of it within the next few hours. I would therefore move that the Senate adjourn during pleasure, to reassemble at the call of the bell, at approximately 3 o'clock, when I hope to be able to make a more definite announcement.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, opinions still vary with respect to the hour of prorogation. The optimists hold that parliament will conclude its business by six o'clock; but the pessimists are not so certain of it. In view of the possibility of the optimists being correct, I would move that the house adjourn during pleasure, to resume at the call of the bell, at 5 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, under the most favourable circumstances the role of a prophet is a most precarious one, and it is no less so under the peculiar circumstances of the moment. After consulting the crystal-gazers, I have reason to believe that no useful purpose would be served by this house sitting again before 7.45 this evening. Consequently, I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell, at approximately 7.45 p.m. I hope that in the meantime the winds that blow will be favourable.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

PROROGATION OF PARLIAMENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate chamber this day at 9.30 p.m. for the purpose of proroguing the present session of parliament.

Hon. Mr. ROBERTSON: Honourable senators, in the circumstances I would move that the Senate adjourn during pleasure, to reassemble at the call of the bell. The bell will be rung at approximately 9.20.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. ROBERTSON: Honourable senators, I have to report that the expectations of the optimists have not been fulfilled, and we have no alternative but to again adjourn during pleasure. I therefore move that the house do now adjourn, to reassemble at the call of the bell.

The motion was agreed to.

The Senate adjourned during pleasure.

The sitting was resumed.

APPROPRIATION BILL NO. 4

FIRST READING

A message was received from the House of Commons with Bill 399, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1949.

The bill was read the first time.

SECOND READING

Hon. WISHART McL. ROBERTSON moved the second reading of the bill.

He said: Honourable senators, I have just a word of explanation for the record. This bill comprises, of course, the total of the original estimates, plus the supplementary estimates and a second supplementary estimate having to do with appropriations for flood relief and the rebuilding of dikes in British Columbia.

I do not need to remind honourable senators that the passing of this bill at this time is largely a formality, the details having been for

some time before our Standing Committee on Finance, by whom they were carefully studied, and a general discussion of the bill having taken place a day or two ago. I may remind honourable senators, however, that the bill provides for a sum of, in round figures, $781 million, consisting of that portion of the main estimates of $1,985 million which is not composed of statutory items, and also of amounts which have not been voted in the two appropriation bills which have already come before us. The sum of $781 million, plus supplementary estimates of $207 million and statutory items in the amounts which have been already appropriated, represents the total of the requirements which parliament has been asked to sanction.

I recommend the bill to the favourable consideration of the house.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, and the bill was read the third time and passed.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Right Honourable Thibaudeau Rinfret, the Deputy of the Govrnor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting the Bell Telephone Company of Canada.

An Act respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada.

An Act to incorporate the Canadian Veterinary Medical Association.

An Act to incorporate the Canadian Association of Optometrists.

An Act respecting Canadian Marconi Company.

An Act respecting Canadian Slovak Benefit Society.

An Act to incorporate the Canadian Legion of the British Empire Service League.

An Act to incorporate Rinker Finance Corporation.

An Act to incorporate Canadian Co-Operative Processors Limited.

An Act respecting the Dominion Bureau of Statistics.

An Act to amend the Canada Evidence Act.

An Act to amend the Mail Contracts Supplemental Payments Act.

An Act to amend the National Housing Act, 1944.

An Act to amend the Judges Act, 1946.

An Act to incorporate the National Fire and Casualty Insurance Company.

An Act to amend the Criminal Code (Race Meetings).

An Act to amend the Loan Companies Act.

An Act respecting the reclamation and development of marshlands in Nova Scotia, New Brunswick, and Prince Edward Island.

An Act to amend the Dominion Succession Duty Act.

An Act to amend the Land Titles Act.

An Act to amend the Excise Tax Act.

An Act to amend the Yukon Act.

An Act to amend the Tariff Board Act.

An Act to provide for carrying into effect the Treaties of Peace between Canada and Italy, Roumania, Hungary and Finland.

An Act to amend an Act respecting the National Battlefields at Quebec.

An Act respecting the supplying of electrical power in the Northwest Territories.

An Act to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946.

An Act to amend the Canada Shipping Act, 1934.

An Act to amend the Excise Act, 1934.

An Act to amend the Customs Tariff.

An Act to amend the Yukon Placer Mining Act.

An Act to amend the Saskatchewan Natural Resources Act.

An Act to amend the Canadian and British Insurance Companies Act, 1932, and the Foreign Insurance Companies Act, 1932.

An Act to amend the Quebec Savings Banks Act.

An Act respecting the Revised Statutes of Canada.

An Act to amend the Veterans Insurance Act.

An Act to amend the Veterans Rehabilitation Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the War Veterans' Allowance Act, 1946.

An Act to amend the Yukon Quartz Mining Act.

An Act to provide for the investigation, conciliation and settlement of Industrial Disputes.

An Act to amend the Dominion Elections Act, 1938.

An Act to amend the Diplomatic Service (Special) Superannuation Act.

An Act to amend the Salaries Act.

An Act to amend the Customs Act.

An Act to amend the Criminal Code.

An Act to amend the Lord's Day Act.

An Act to amend the Agricultural Prices Support Act, 1944.

An Act to amend the Civilian War Pensions and Allowances Act.

An Act to amend the Department of National Defence Act.

An Act to amend the Income War Tax Act.

An Act to amend the Manitoba Natural Resources Act.

An Act respecting an Income Tax Agreement between Canada and New Zealand, signed at Ottawa, in Canada, on the twelfth day of March, 1948.

An Act to amend the Foreign Exchange Control Act.

An Act to amend the Emergency Exchange Conservation Act.

An Act respecting Income Taxes.

An Act for the relief of Joyce West Shannon.

An Act for the relief of Alice Cecilia Anne Magniac Bailey.

An Act for the relief of Valerie Jean Lewis Samson.

An Act for the relief of William Neville Buckingham.

An Act for the relief of Marguerite Elsie Dunan Currie.

An Act for the relief of Ellen Catherine Holder.

An Act for the relief of Doris Amy Peate Taylor.

An Act for the relief of Kenneth Elliott Mitchell.

An Act for the relief of Margaret Craig Carmichael Nicholson.

An Act for the relief of Hilda Emily Brown.

An Act for the relief of Joan Ruth Grimble Campbell.

An Act for the relief of Raymond Masse.

An Act for the relief of Barbara Mary Day Duffy.

An Act for the relief of Joseph Dunn.

An Act for the relief of Rena Victoria Rabin Wolfe.

An Act for the relief of Frederik Smith.

An Act for the relief of William Thomas Wright.

An Act for the relief of Marie Antoinette Aubut dit Cimon Charron.

An Act for the relief of James Arnold Wells.

An Act for the relief of Magdalena Kleiziute Testart.

An Act for the relief of Hazel Shirley Elizabeth Hart Layton.

An Act for the relief of Irene Morgan Neilson.

An Act for the relief of Elerick Montgomery Barton.

An Act for the relief of Adelaide Margaret Munn Bain.

An Act for the relief of Gwendolyn Beulah Russell Denenfeld.

An Act for the relief of Miriam Salomon Starr.

An Act for the relief of Laura Krause Suffrin.

An Act for the relief of Jean Fullarton Craig Walker.

An Act for the relief of William Hesketh.

An Act for the relief of Janet Alice Smith Bennett.

An Act for the relief of Gwendoline Elizabeth Hunt Edmund.

An Act for the relief of Reta Mabel Welch Gilbert.

An Act for the relief of Leah Shrimer Schanker.

An Act for the relief of Doris Mary Stratton Stuart.

An Act for the relief of Hellmut Hans Karl Pokorny.

An Act for the relief of Bella Wine Rapps.

An Act for the relief of Winifred Anthony Leith.

An Act for the relief of Eugene Alden Anderson.

An Act for the relief of Shirley Leighton Pawson Milligan.

An Act for the relief of Mary Josephine Ruth Girard Rosenberg.

An Act for the relief of Leah Marcelle Pettitt Reeve.

An Act for the relief of Marie Yvette Francoise Bayard Savard.

An Act for the relief of Simone Boily Whitelaw.

An Act for the relief of Ernest Alfred Coker.

An Act for the relief of Clarence William Henry Hodgson.

An Act for the relief of Vera May Paulson Ward.

An Act for the relief of Ruth Ethel Attwood McVicar.

An Act for the relief of Henry George Halsey.

An Act for the relief of George Crosby Wilson Gray.

An Act for the relief of Joseph David Ernest Paul Maysenhoelder.

An Act for the relief of Myrtle Macdonald Heale Daniluk.

An Act for the relief of Robert Grincill Barnet Jones.

An Act for the relief of Gertrude Katherine Margolis Bird.

An Act for the relief of Cecilia Maud Wood Marshall.

An Act for the relief of Beatrice Doris Haggerty Goodier.

An Act for the relief of Joyce Knowles Ledoux.

An Act for the relief of Robert Ernest Beadie.

An Act for the relief of Grace Davie Park Parr.

An Act for the relief of Jeanne Crete Benoit.

An Act for the relief of Sarah Cummings Menzies Carlin.

An Act for the relief of Annie Goldenberg Schulman.

An Act for the relief of Clarice Jean Field Campbell.

An Act for the relief of Georgina Claire Williscroft Bovard.

An Act for the relief of Saul Jack Costin.

An Act for the relief of Mary Shore Bernstein.

An Act for the relief of Saul Ettinger.

An Act for the relief of Lloyd Arthur Davies.

An Act for the relief of Alfred Keeley.

An Act for the relief of Marie Albina Ethel Dubois Howick.

An Act for the relief of Ignaty (Ignas) Sokolovsky.

An Act for the relief of Laura Grace Hanley Huggenberger.

An Act for the relief of Eva Wolfovitch Zloty, otherwise known as Eva Wolfovitch Gold.

An Act for the relief of Sheila Lightstone Marcus.

An Act for the relief of Lea Alvina Mary Boulay Orr.

An Act for the relief of Armand Lapierre.

An Act for the relief of Georgette Ruth Cote Geller.

An Act for the relief of Mary Elizabeth Ellwood Blackburn.

An Act for the relief of Annie Elisabeth Horseman Charters.

An Act for the relief of Sarah Ann Older Verrier.

An Act for the relief of Ann Martha Kokojachuk Waugh.

An Act for the relief of Elsie Mark Farley.
An Act for the relief of Lela May Begley Hall.
An Act for the relief of Marguerite Isaacs Katz.
An Act for the relief of Delilah May Jacobs Button.
An Act for the relief of Ruth Shkurnik Gilbert.
An Act for the relief of Goldie Tessler Wise.
An Act for the relief of Martha Norman McCairns.
An Act for the relief of Marion Rita Kendall O'Donahoe.
An Act for the relief of Gertrude Mae McLean Cole.
An Act for the relief of Freda Gertrude Parkes McMillan.
An Act for the relief of Alma Petrides Prysky.
An Act for the relief of Jean MacDonald Di Falco.
An Act for the relief of Betty Yossem Edelstein.
An Act for the relief of Leonard Carlton Matthews.
An Act for the relief of St. Kilda McKay McLean Anderson.
An Act for the relief of Nellie Polistuck Levac.
An Act for the relief of Eleen Rose Gray Lawson.
An Act for the relief of Frieda Kimelfild Solomon.
An Act for the relief of Gordon Merrill Fuller.
An Act for the relief of Phyllis Joyce Bradfield Ainsworth.
An Act for the relief of Michael Charles Parr.
An Act for the relief of Edna Birch Drimer.
An Act for the relief of Elinore Oakes Forgues.
An Act for the relief of Mary Gwozdecka Carter.
An Act for the relief of Ralph Woodall.
An Act for the relief of Joseph Onfroy Pilon.
An Act for the relief of Thelma May Heggie May.
An Act for the relief of Molly Renetta Fry Bist.
An Act for the relief of Patricia Potter Parker.
An Act for the relief of Helen May Smith Saunders.
An Act for the relief of Jean Duncan Girard.
An Act for the relief of Evelyn Sylvia Jones Bowen.
An Act for the relief of Joseph Eugene Ernest Bourbonnais.
An Act for the relief of Mildred Frances Batten Gzowski.
An Act for the relief of Irene Nellie Kon Ballantyne.
An Act for the relief of Theophile Gobeille.
An Act for the relief of Violet Mary Cowper Preston.
An Act for the relief of Virginia Grace Borland Langton.
An Act for the relief of Ethelwyn Lillian Flynn Budd.
An Act for the relief of Alfred Winston Savage.
An Act for the relief of Elizabeth Frances Mary Liddle McClelland.
An Act for the relief of Rose Landes Clopoff.
An Act for the relief of Micheline Desautels Dooney.
An Act for the relief of William Roydon Slator.
An Act for the relief of Marie Eva Thibodeau Buelow.
An Act for the relief of Margaret Sleno Staines.
An Act for the relief of Jean Hume Munro Auburn.
An Act for the relief of Gilles Henault.
An Act for the relief of Edward Gordon Jakeman.
An Act for the relief of Kathleen McKeown Stevenson.
An Act for the relief of Alice Mary Gallant Currie.
An Act for the relief of Muriel Frances Marks Buchanan.
An Act for the relief of Leona Selma Cutway Hall.
An Act for the relief of Avery Patricia Gill Reinhold.
An Act for the relief of Poppy Catherine Hayakawa Smith.
An Act for the relief of Dolores Margaret Paul Warner.
An Act for the relief of Norma Bernstein Levee.
An Act for the relief of Eileen Sophie McNamara Sepchuk.
An Act for the relief of Mary Rowan Young Conway.
An Act for the relief of Ethel Margaret Tweddell Cartmel.
An Act for the relief of Winnifred Audrey Meyer Holton.
An Act for the relief of Chester Adam Hart.
An Act for the relief of Marie Marguerite Cecile Gagnon Lescadres.
An Act for the relief of Samuel Reinhardt Lewis.
An Act for the relief of Ersilia Pace Imonti.
An Act for the relief of Helen Rose Noel Steele.
An Act for the relief of Edith Saltzman Rashkovan.
An Act for the relief of Ida Malfara Romanelli.
An Act for the relief of Francis Clyde Peachey.
An Act for the relief of Harriet Dodd McLachlan Cummings.
An Act for the relief of Phyllis Smith Curtis.
An Act for the relief of Jacqueline Louise Waddington Skinner.
An Act for the relief of George Malouf.
An Act for the relief of Sonja Anna Margaret van der Walde Brown.
An Act for the relief of Richard Edward Welsh.
An Act for the relief of Violet Maude Mitchell.
An Act for the relief of Elsie Williams Lodge.
An Act for the relief of Joseph Albert Aldee Leveillee.
An Act for the relief of Ella Margaret McLaughlin Baisley.
An Act for the relief of Mavis Aurelia Leney Ogilvie Walker.
An Act for the relief of Joanna Wright Farrell.
An Act for the relief of Margaret Patricia Jones Gavey.
An Act for the relief of Selma Rattner Fridhandler.
An Act for the relief of Lucien Menard.
An Act for the relief of Sheila Trench Thomson Ellis.
An Act for the relief of Alexandre Hebert.

An Act for the relief of Anne Greenblatt Pliss.

An Act for the relief of Sonnie Levitt Shereck.

An Act for the relief of James Young.

An Act for the relief of Hazel Violet Camp Mace.

An Act for the relief of Adah Elizabeth Jeffries Heinz.

An Act for the relief of Mabel Findlay Turner Rollo.

An Act for the relief of Anna Dagmar Dahl.

An Act for the relief of Florence Evelyn White Marshall.

An Act for the relief of Kathryn Mae Richardson Rowe.

An Act for the relief of Margaret Dawson Jamieson Turnbull McKay.

An Act for the relie fof Margaret Elizabeth Dunn Vezina.

An Act for the relief of Elizabeth Craig Blair.

An Act for the relief of Charles Henry Kennell.

An Act for the relief of Muriel Frances Pratt Fiddes.

An Act for the relief of Leah Zeiger Rudenko.

An Act for the relief of Ruth Harris.

An Act for the relief of Eva Booth Morrison McCormick.

An Act for the relief of Naomi Evelyn Masterangelo Rosenstein.

An Act for the relief of Jean Lauder Rutledge.

An Act for the relief of Henry George Chartier.

An Act for the relief of Francis Russell Stone.

An Act for the relief of Mathilda Welter Jackson.

An Act for the relief of Joseph Thomson Mowat.

An Act for the relief of Mary Hrychuk Fleury.

An Act for the relief of Anna Kathleen Burnie Beebe.

An Act for the relief of Jenny Muriel Pressley Scott.

An Act for the relief of Mary Pappas Gigantes, otherwise known as Maria Papadatos Gigantes.

An Act for the relief of Gilbert Brinton Campbell.

An Act for the relief of Helen McGregor Hanley.

An Act for the relief of Yudit Mary de Bartok Richardson.

An Act for the relief of Abraham Schechter.

An Act for the relief of Caroline Alice Woods Mayhew.

An Act for the relief of Giana Stephen Cantlie Lyman.

An Act for the relief of James Gustov Reed.

An Act for the relief of Elizabeth Ruth Maitland Harley.

An Act for the relief of Daisy Elizabeth May Fishlock Wallis.

An Act for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.

An Act for the relief of Jeannette Ore Paige.

An Act for the relief of Reva James Nathanson.

An Act for the relief of Gerald Roderick Bartlett.

An Act for the relief of Dorothy Jardine Palmer Petrie.

An Act for the relief of Nellie Maisie Wingham Carphin.

An Act for the relief of Beatrice Gertrude Corbin Simand.

An Act for the relief of Margaret McCallum Cameron Baird Brine.

An Act for the relief of Leila May Willett Ascah.

An Act for the relief of Joseph Ulric Stanislas Caron.

An Act for the relief of Edith Elizabeth Walker.

An Act for the relief of Yvonne Jeanne Leslie.

An Act for the relief of Bertha (Brana) Hindes Ramer.

An Act for the relief of Ellen Gertrude Hinks Fairhurst.

An Act for the relief of Shirley Marder Berman.

An Act for the relief of Vera Maud Thayer Gunn.

An Act for the relief of Joseph Chiarella.

An Act for the relief of Mertle Allene Dalton.

An Act for the relief of George Nestor Cloutier.

An Act for the relief of Rufina Olga Soltysik Leshchynski.

An Act for the relief of Rhea Lillian Appel Ostroff.

An Act for the relief of Alice Elizabeth Tucker Shaw.

An Act for the relief of Libby Raikles Lerner.

An Act for the relief of Beatrice Catherine McCabe Sowerby.

An Act for the relief of John Morrell.

An Act for the relief of Lily White Borgan.

An Act for the relief of James Donald Bacon.

An Act for the relief of Laurel Gwendolyn Wilband Walsh.

An Act for the relief of Lillian Eileen Rendle Nadler.

An Act for the relief of Clair Alice Tucker Vincent.

An Act for the relief of Audrey Beryl Fryer.

An Act for the relief of Marguerite Pichette Sanzone.

An Act for the relief of Frederick Edward Sherman.

An Act for the relief of Joseph Leopold Joffre Viau.

An Act for the relief of Olga Timofy Ewaschuck.

An Act for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman.

An Act for the relief of William Francis Dunphy.

An Act for the relief of Alice Hoare Dubeau.

An Act for the relief of Jennie Leibovitch Margolese.

An Act for the relief of Hugh Cyril Harvey.

An Act for the relief of Barbara Yuile.

An Act for the relief of Violet Mae Ruth Johnson Menaker.

An Act for the relief of John Clayton Sturgeon.

An Act for the relief of Alice Deborah Townsend Hawker.

An Act for the relief of Rae Bellam Baron.

An Act for the relief of David Ewing Jackson.

An Act for the relief of Olive Turnidge Burns Turner.

An Act for the relief of Dorothy June Wilson Weedmark.

An Act for the relief of Kate Henny Wecker Prengel.

An Act for the relief of Jeannette Racine Garneau.

An Act for the relief of Gladys Gwendolyn Goode Buttress.

An Act for the relief of Gladys Victoria Lewis White.

An Act for the relief of Madge Reynard Lambton.

An Act for the relief of Cornelia Barendrecht Nickel.

An Act for the relief of Paul Charbonneau.

An Act for the relief of Samuel Lankszner.

An Act for the relief of Audrey Maude Victoria Giles Findlay.

An Act for the relief of George Elias Heydenreich.

An Act for the relief of Guiseppina Cannuli Catalfamo.

An Act for the relief of Ann Laurie Willett Allan.

An Act for the relief of Leon Schechter.

An Act for the relief of Beatrice Evelyn Tutill Bobinsky.

An Act for the relief of Una Mary Phillips Slavin.

An Act for the relief of Margaret Laidley Lawrie Burke.

An Act for the relief of Albert Kenworthy.

An Act for the relief of Esther Leibof Kaufman.

An Act for the relief of Harold Clarence Simkin.

An Act for the relief of Winnifred Emily Ford Salmon.

An Act for the relief of Arthur Herbert John Louth.

An Act for the relief of Frank Potts.

An Act for the relief of Kenneth Wright Williamson.

An Act for the relief of Ida Goldman Adelstein.

An Act for the relief of George Cohen.

An Act for the relief of Katharine Lillian Cornish Mullin.

An Act for the relief of Orville Lester Bennett.

An Act for the relief of May Holmes Martin.

An Act for the relief of Georgette Mathias.

An Act for the relief of Gladys Odella Sweet Elliott.

An Act for the relief of Robert Charles Delafosse.

An Act for the relief of Adelaide Jardine McDonald.

An Act for the relief of Edith McLachlan Ward.

An Act for the relief of Eva Lamothe Paquin.

An Act for the relief of Elizabeth Iris Lobar Kinnon.

An Act for the relief of Jeanne Obodofsky Newton.

An Act for the relief of Philip Sidilkofsky.

An Act for the relief of Rhoda Marjorie Beacom Sadler.

An Act for the relief of Becky Herscovitch Moscovitch.

An Act for the relief of Veronica Conrick Pelley.

An Act for the relief of William Bryan Hazel.

An Act for the relief of Victorien Tremblay.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

After which the Right Honourable the Deputy of the Governor General was pleased to close the Fourth Session of the Twentieth Parliament of Canada with the following Speech:

Honourable Members of the Senate:
Members of the House of Commons:

World conditions continue to occasion anxiety. Instead of the closer co-operation which had been hoped for between all nations, the cleavage between certain nations of eastern Europe and nations of the western world has become increasingly marked. The sense of danger has led, on the part of free nations, to the establishment and promotion of regional associations to ensure their joint security and well-being. Canada has continued, as opportunity has afforded, to further effective organization for international peace and security. My ministers have made clear our country's intention to assist in maintaining a preponderance of strength on the side of the preservation of freedom.

The delay in restoring production in Europe and Asia has resulted in an unprecedented demand for commodities from the Western Hemisphere. This demand has had an inflationary effect on world prices. Higher world prices have been reflected in rising domestic prices. The effect of this on the cost of living has been of increasing concern to consumers.

While shortages of food and other supplies to meet the demand abroad and at home have resulted in increased prices, production in Canada, to meet this demand, has led to a degree of employment and prosperity not hitherto experienced.

My ministers are of the opinion that widespread controls of prices, so necessary at a time of war, would prove prejudicial if maintained indefinitely in time of peace. The controls made necessary by war have accordingly been progressively removed. As a means of resisting inflationary pressures, certain controls have been continued in this transitional period.

The whole question of prices and the cost of living has been debated at length in both houses of parliament. It has been the subject of detailed investigation by a select committee of the House of Commons. The investigation has had a restraining effect upon unjustifiable increases in prices. The report of the committee deserves wide public attention. The government will give most careful consideration to its representations.

The inability of Canada's European customers to pay for their imports resulted, during 1947, in a serious depletion of our reserves of United States dollars. To meet the critical situation occasioned by the shortage of United States dollars to pay for our vastly increased imports from that country, it became necessary to impose drastic and unpopular temporary restrictions on our trade. You will recall that the consideration of measures for this purpose necessitated beginning the session early in December. Debate on these measures occupied a large part of its earlier months.

It is gratifying to note that the measures taken have helped not only to stop the depletion, but to replenish Canada's reserves of United States dollars. The implementation by the United States of the European Recovery Program will contribute materially to the same end. As our reserves increase, and our trade is brought into better balance, restrictions will be

progressively removed. A permanent solution of our exchange problem depends, however, upon the revival of world trade.

While much of your time has been devoted to a consideration of economic and financial problems arising almost exclusively out of abnormal world conditions, you have been careful to give the necessary attention to those matters with which, in ordinary times, parliament would be concerned.

Among measures related to agriculture, an international wheat agreement has been approved. Minimum prices for wheat and other agricultural products have been increased. The period during which agricultural prices may be supported has been extended. Provision has been made for the reclamation of marsh lands in the Maritime Provinces.

In the field of immigration, the movement of desirable immigrants from the United Kingdom and western Europe as well as from the displaced persons camps has been accelerated. A large number of close relatives of persons residing in Canada have been admitted, and provision has been made to hasten the admission of others.

In the field of industrial relations, legislation has been enacted respecting the investigation, conciliation and settlement of disputes in industries over which parliament has jurisdiction. It is hoped that this legislation will provide a model throughout Canada for legislation respecting industrial disputes. Provision has been made for the payment of larger benefits under the Unemployment Insurance Act. The scope of the Vocational Training Co-ordination Act has been widened.

With respect to the affairs of veterans and their dependents, a thorough study of existing legislation and related matters has been made by a select committee of the House of Commons. The veterans charter has been amended in the light of the experience of the past three years. Pensions of disabled veterans and of pensioned dependents have been increased. Larger allowances have been provided for married veterans in training. Other veterans' benefits have been broadened.

The welfare of Indians has been the subject of careful study by a select joint committee of the Senate and the Huse of Commons. The committee continued and completed the examination of the Indian Act begun in 1946.

In relation to the housing problem, it is to be noted that more houses were built in 1947 than in any previous year. The National Housing Act has been amended to assist in meeting the need for rental housing. Provision, on a substantial scale, of quarters for servicemen and their families is contributing materially to the total available housing accommodation.

A most significant advance in the government's policy for the establishment of a national minimum of social security and human welfare has been the development, in the present session, of a national health program. Provision has been made on a generous scale for annual grants to the provinces, over a period of years, to assist in the development of health plans and in the improvement of existing health services in both urban and rural areas. The health grants will be of immediate benefit in making possible much needed increased hospital facilities throughout Canada, as well as in the prevention and treatment of disease. The grants also constitute an essential prerequisite to the establishment of a nation-wide system of health insurance.

Other important measures enacted during the session were bills respecting the Canada Shipping Act, the Board of Transport Commissioners, the Dominion Elections Act, the revision and simplification of the Income Tax Act, the Criminal Code and Prison Reform, an improved pension plan for the Royal Canadian Mounted Police, and the creation of a Hydro Electric Power Commission in the Northwest Territories.

Members of the House of Commons:

I thank you for the provision you have made for all essential services.

You will be gratified that an unprecedented surplus of revenues over expenditures has made possible considerable reductions both in the national debt and in taxation. The sales tax on virtually all types of food has been removed. A further exemption in personal income taxes has been granted for persons over sixty-five years of age. Estates up to a value of $50,000 have been freed of Dominion succession duties.

Honourable Members of the Senate:

Members of the House of Commons:

On July 1, the Post Office Department will inaugurate, at ordinary first-class rates, an air-mail service which, as respects the delivery of letters, will, under normal conditions, reduce the distance from one end of Canada to the other to less than twenty-four hours.

As you are aware, floods in the Fraser Valley of British Columbia recently reached the proportions of a national disaster. In coping with the appalling situation thereby created, there has been the closest co-operation between the federal government and the provincial and local authorities. I should like to express my appreciation of the prompt and effective measures taken by the armed services, the civil authorities, and the citizens of the province in meeting the emergency. I should like also to thank you for the financial provision you have made to assist in relief and rehabilitation, and in the constructive work of repairing the dikes.

The approval given by both houses of parliament to a planned development of the national capital, and the provision you have made for necessary improvements, will help to ensure continuity in the capital's development in a manner which will have regard to its position in the present, and to its probable needs in years to come.

Today there is no country in a more fortunate position than our own; nor has Canada, at any time, enjoyed a higher place in the regard of the nations of the world. May Divine Providence continue to bless our country, and to guide the Parliament of Canada in all its deliberations.

INDEX TO DEBATES OF THE SENATE

FOURTH SESSION, TWENTIETH PARLIAMENT, 1948

Abbreviations:—1r, 2r, 3r,=first, second and third reading. com=Committee. Div=Division. M=Motion. Ref=Referred. Rep=Report.

Agricultural Products Act
Continuation, 65, 69, 302, 303

Aseltine, Hon. W. M.
Bankruptcy Bill, 529
Divorce
Refund of fees, 675
Statistics—progress report, 164; final report of committee, 572 (Appendix, 585)
Estimates, 692, 693
Human Rights and Fundamental Freedoms —report of Joint Committee, 692
Johnston, the late Senator J. F., 477
Land Titles Bill, 525
National Capital—Motion, 689, 690

Attacks on public men, 257

Ballantyne, Hon. C. C., P.C.
Canada Shipping Bill, 502
Dairy Industry Bill, 176
Elections, 625

Beaubien, Hon. A. L.
Address in reply to Speech from Throne, 114
Canadian Wheat Board Bill, 289, 314, 315
Molloy, the late Senator J. P., 256
Prairie Farm Assistance Bill, 409
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company Bill, 103
Western Pipe Lines Bill, 372
Wheat Agreements with Great Britain, 71, 72, 73

Beauregard, Hon. Elie
Bell Telephone Company of Canada Bill—report of committee, 85
Canadian National Railways Financing and Guarantee Bill—report of committee, 614
Canadian Wheat Board Bill—report of committee, 303
Continuation of Transitional Measures Bill —report of committee, 285
Criminal Code Bill (337)—report of committee, 645
Eastern Trust Company Bill—report of committee, 138
Emergency Exchange Conservation Bill—report of committee, 285

Beauregard, Hon. Elie—*Con.*
Export Credits Insurance Bill—report of committee, 356
Export and Import Permits Bill—report of committee, 215; concurrence in report, 235
Commons amendments—report of committee, 356
Income Tax Bill, 667
Insurance Companies Bill—report of committee, 572
Loan Companies Bill—report of committee, 360, 410
Lord's Day Bill—report of committee, 644
National General Insurance Company Bill —report of committee, 138
National Housing Bill—report of committee, 536
Penny Bank Bill—report of committee, 356
Quebec Savings Banks Bill—report of committee, 572
Rinker Finance Corporation Bill—report of committee, 215
Trust and Loan Company of Canada Bill—report of committee, 138
Concurrence in amendments, 159
Veterans Insurance Bill—report of committee, 138
Concurrence in amendment, 159
Commons amendments—report of committee, 614
Veterans' Rehabilitation Bill—report of committee, 614
War Service Grants Bill—report of committee, 138
Commons amendments—report of committee, 356
War Veterans' Allowance Bill—report of committee, 614

Bench, the late Hon. J. J.
Tributes to his memory, 4, 5, 6, 8, 9, 16

Bills (Divorce)
1r, 128, 133, 137, 139, 150, 162, 164, 185, 200, 257, 279, 285, 357, 361, 413, 425, 431, 461, 476, 485, 514, 558, 576, 587

Bills (Divorce)—*Con.*
2r, 135, 137, 139, 142, 163, 184, 188, 199, 230, 278, 284, 317, 372, 388, 413, 425, 459, 474, 482, 485, 530, 570, 577, 588
3r, 135, 137, 142, 150, 163, 184, 189, 199, 231, 279, 284, 317, 375, 389, 425, 431, 461, 475, 485, 494, 530, 570, 588

Bills (Private) re:—
Bell Telephone Company of Canada (Hon. Mr. Campbell), 1r, 59; 2r—ref to com, 75; rep of com, 85; concurrence in report—3r, 106
Canadian Association of Optometrists (Hon. Mr. Turgeon), 1r, 190; 2r, 229; ref to com, 230; rep of com, 275; 3r, 284
Canadian Co-operative Livestock Packers Limited (Hon. Mr. Johnston). 1r, 200; 2r, 240; ref to com, 241, rep of com, 355, 372; 3r, 372
Canadian Legion of the British Empire Service League (Right Hon. Mr. Mackenzie). 1r, 361; 2r—ref to com, 412; rep of com, 460, 474; 3r, 474
Refund of Parliamentary fees, 485
Canadian Marconi Company (Hon. Mr. Hugessen). 1r, 200; 2r—ref to com, 241; rep of com—3r, 328
Canadian Slovak Benefit Society (Hon. Mr. Roebuck). 1r, 275; 2r—ref to com, 301; rep of com—3r, 355
Canadian Veterinary Medical Association (Hon. Mr. Haig). 1r, 190; 2r—ref to com, 229; rep of com—3r, 275
Eastern Trust Company (Hon. Mr. Quinn). 1r, 107; 2r—ref to com, 121; rep of com—3r, 138
National General Insurance Company (Hon. Mr. Campbell). 1r, 85; 2r, 105; ref to com, 106; rep of com—3r, 138
National Insurance Company (Hon. Mr. Gouin). 1r, 200; 2r, 235; ref to com, 236; rep of com—3r, 275;
Commons amendments, 531, 538
People's Fraternal Order (Hon. Mr. Roebuck), 1r, 86; 2r, 134; ref to com, 135; rep of com, 164; concurred in—3r, 188
Rinker Finance Corporation (Hon. Mr. Johnston). 1r, 136; 2r, 159; ref to com, 160; rep of com—3r, 215
Ruthenian Catholic Mission of the Order of St. Basil the Great in Canada (Hon. Mr. Bishop). 1r, 107; 2r, 121; ref to com, 122; rep of com, 136, 142; 3r, 142
Refund of fees, 166
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company (Hon. Mr. Campbell). 1r, 76; 2r, 100; ref to com, 105; rep of com—bill withdrawn, 644;
Refund of fees, 646

Bills (Private) re:—*Con.*
Trust and Loan Company of Canada (Hon. Mr. Vien). 1r, 100; 2r, 119; ref to com, 121; rep of com, 138; concurrence in amendments—3r, 159
Appendix: Plan for reorganization of capital of company, 123
Western Pipe Lines (Hon. Mr. Crerar). 1r, 326; 2r, 370; ref to com, 372; rep of com—bill withdrawn, 546;
Refund of fees, 588

Bills (Public) re:—
Agricultural Prices Support. 1r, 628; 2-3r, 647
Agricultural Products. 1-2r, 302; 3r, 303
Animal Contagious Diseases. 1r, 190; 2r—ref to com, 230; rep of com—3r, 274
Appropriation
No. 1. 1-2 r, 318; 3r, 320
No. 2. 1-2r, 320; 3r, 321
No. 3. 1r, 486; 2r, 495; 3r, 496
No. 4. 1-2r, 696; 3r, 697
Bankruptcy. 1r, 499; 2r, 529
Canada Evidence Act. 1r, 444; 2r, 471; ref to com, 480; rep of com—3r, 484
Canada-New Zealand Income Tax Agreement. 1r, 667; 2r, 676; 3r, 677
Canada Shipping. 1r, 190; 2r, 242; 277; ref to com, 278; rep of com, 466; 482; 3r, 482; Commons amendments, 498; ref to com, 501; rep of com, 546, 577
Canadian National Railways Financing and Guarantee. 1r, 571; 2r, 591; ref to com, 601; rep of com—3r, 614
Canadian Wheat Board. 1r, 282; notice of 2r, 282; motion to rescind order, 286; 2r, 290; ref to com, 300; rep of com, 303; 3r, 316
Correspondence, 301; tabled, 316, 322
Civilian War Pensions and Allowances. 1r, 618; 2-3r, 647
Continuation of Transitional Measures. 1-2r, 280; ref to com, 282; rep of com—3r, 285
Criminal Code. 1r, 569; 2r, 580; ref to com, 584; rep of com—3r, 645
Criminal Code (Race Meetings). 1r, 499; 2r, 514; 3r, 517
Customs. 1r, 618; 2-3r, 646
Customs Tariff
(Bill 173). 1-2-3r, 318
(Bill 333). 1r, 548; 2-3r—ref to com, 559; rep of com—3r, 571
Dairy Industry. 1r, 9; 2r, 167, 192, 327, 328, 343, 375, 389, 416, 431, 444; negatived on division, 458
Inquiry, 276, 286, 328
Press report on vote, 462
Statement by Hon. Mr. Euler, 461
Department of National Defence. 1r, 632; 2r, 647; 3r, 648

Bills (Public) re:—*Con.*

Diplomatic Service (Special) Superannuation. 1r, 605; 2r, 617; 3r, 638

Dominion Bureau of Statistics. 1r, 431; 2r, 477; ref to com, 479; rep of com, 484; 3r, 485

Dominion Elections. 1r, 571; 2r, 590, 618; 3r, 638

Dominion Succession Duty. 1r, 532; 2r, 550; 3r, 551

Dominion Water Power. 1r, 115; 2r, 131; 3r, 133

Emergency Exchange Conservation
(Bill 3), 1r, 190; 2r, 203, 215-229; ref to com, 229; rep of com—3r, 285
(Bill 397). 1-2r, 674; 3r, 675—U.S. gold dollars, holdings of, 238, 241

Emergency Gold Mining Assistance. 1r, 326; 2r, 361; ref to com, 370; rep of com—3r, 460
Appendix: Statement of International Monetary Fund and Press release by National Advisory Council, 374

Excise. 1r, 531; 2r, 539; ref to com, 540; rep of com, 563; 3r, 577

Excise Tax
No. 172. 1-2r, 317; 3r, 318
No. 332. 1r, 532; 2r, 544; ref to com, 545; rep of com, 563

Export and Import Permits. 1r, 150; 2r, 162, 180; ref to com, 184; rep of com, 215, 235; 3r, 235; Commons amendments, 326; ref to com, 337; rep of com, 356

Export Credits Insurance. 1r, 326; 2r, 338; ref to com, 339; rep of com—3r, 356

Farm Improvement Loans. 1r, 190; 2r, 213; 3r, 215

Foreign Exchange Control. 1-2-3r, 674

Income Tax. 1r, 644; 2r, 654; ref to com, 662; rep of com, 667; 3r, 668

Income War Tax. 1r, 532; 2r, 540; ref to com, 544; rep of com, 563; amendments ref to com, 587; rep of com, 644; 3r, 645

Industrial Relations and Disputes Investigation. 1r, 605; 2r, 606; ref to com, 613; rep of com—3r, 632

Insurance Companies (Canadian and British), 1r, 548; 2r, 559; ref to com, 562; rep of com—3r, 572

Judges. 1r, 531; 2-3r, 540

Land Titles. 1r, 499; 2r, 524; 3r, 525

Loan Companies. 1r, 76; 2r, 159, 229, 276; ref to com, 277; rep of com, 360, 410; 3r, 412; Commons amendments, 536, 552

Lord's Day. 1r, 587; 2r, 605; M for 3r, 615; ref to com, 617; rep of com—3r, 644

Mail Contracts Supplemental Payments. 1r, 498; 2r, 517; 3r, 535

Bills (Public) re:—*Con.*

Manitoba Natural Resources. 1r, 499; 2r, 525; ref to com, 538; rep of com—3r, 645

Maritime Marshland Rehabilitation. 1r, 498; 2r, 518; ref to com—3r, 548

National Battlefields (Quebec). 1r, 558; 2r, 566; 3r, 577

National Housing. 1r, 498; 2r, 507; ref to com, 514; rep of com—3r, 536

National Parks. 1r, 326; 2r—ref to com, 354; rep of com—3r, 355

National Railways Auditors. 1r, 76; 2r, 117; 3r, 129

New Westminster Harbour Commissioners. 1-2r, 274; 3r, 284

North Fraser Harbour Commissioners. 1r, 326; 2r, 353; 3r, 357

Northwest Territories. 1r, 76; 2r, 115; 3r, 129

Northwest Territories Power Commission. 1r, 558; 2r, 578; 3r, 579

Pelagic Sealing (Provisional Agreement). 1r, 86; 2r, 117; ref to com, 119; rep of com—3r, 136

Penny Bank of Ontario (winding up). 1r, 239; 2r—ref to com, 278; rep of com, 356; 3r, 389

Pension Act. 1r, 484; 2r, 484; 486; 3r, 494

Prairie Farm Assistance. 1r, 360; 2r, 409; ref to com, 410; rep of com—3r, 460

Prairie Farm Rehabilitation. 1-2r, 491; 3r, 496

Prisons and Reformatories. 1r, 328; 2r, 357; 3r, 361

Quebec Savings Banks. 1r, 558; 2r, 563; ref to com, 565; rep of com—3r, 572

Railways. 1r, 341; 2r, 358; ref to com, 359; rep of com—3r, 484

Railways (pro forma). 2

Revised Statutes of Canada. 1r, 587; 2r, 605; 3r, 617

Royal Canadian Mounted Police. 1r, 476; 2r—ref to com, 483; rep of com—3r, 485

Salaries. 1r, 605; 2r, 638; 3r, 643

Saskatchewan Natural Resources. 1r, 558; 2r, 565; ref to com, 566; rep of com—3r, 587

Tariff Board. 1r, 571; 2-3r, 591

Transport Board (Chief Commissioner). 1r, 584; 2-3r, 601

Treaties of Peace with Italy, Roumania, Hungary and Finland. 1r, 498; 2r, 504; ref to com, 507; rep of com, 571; 3r, 572

Unemployment Insurance. 1r, 413; 2r, 426; ref to com, 430; rep of com—3r, 476

Veterans Insurance. 1r, 76; 2r, 115; ref to com, 116; rep of com, 138; concurrence in amendments, 159; 3r, 162; Commons amendments, 571; ref to com, 589; rep of com, 614

Bills (Public) re:—*Con.*
Veterans Rehabilitation. 1r, 571; 2r, 590; ref to com, 591; rep of com—3r, 614
Vocational Training Co-ordination. 1r, 341; 2r, 417; ref to com, 424; rep of com—3r, 444
War Service Grants. 1r, 76; 2r, 116; ref to com, 117; rep of com—3r, 138; Commons amendment, 326; ref to com, 337; rep of com, 356
War Veterans' Allowance. 1r, 571; 2r, 589; ref to com, 590; rep of com—3r, 614
Yukon. 1r, 558; 2r—ref to com, 569; rep of com—3r, 587
Yukon Placer Mining. 1r, 328; 2r, 408; ref to com, 409; rep of com—3r, 587
Yukon Quartz Mining. 1r, 328; 2r—ref to com, 409; rep of com—3r, 587; Commons amendment concurred in, 632

Bishop, Hon. C. L.
National Capital—Motion, 688
Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada Bill, 107; 121; 166

Blais, Hon. Aristide
Emergency Gold Mining Assistance Bill, 365
Harmer, the late Senator W. J., 8
Riley, the late Senator D. E., 415

Bouchard, Hon. T. D.
Reflection on senator's integrity, 275

Bouffard, Hon. P. H.
Dairy Industry Bill, 343
Felicitations on appointment as Batonnier General of the Province of Quebec, 500
National Battlefields (Quebec) Bill, 566
Quebec Savings Banks Bill, 563

Buchanan, Hon. W. A.
Fortieth Anniversary of Lethbridge Herald—complimentary references on occasion of, 74
Northwest Territories Bill, 115
Prairie Farm Rehabilitation Bill, 491
Tourist Traffic—report of committee, 274

Burchill, Hon. G. P.
Address in reply to Speech from the Throne, 54-57
Canada's economic condition, 54
Maritime lumbering—shipments to United Kingdom, 55-57
Pulp and paper industry, 55
Foster, the late Senator W. E., 6

Campbell, Hon. G. P.
Agricultural Products Act—motion for continuation until March 31, 1948, 73
Bell Telephone Company of Canada Bill, 59, 75

Campbell, Hon. G. P.—*Con.*
Bench, the late Senator J. J., 8
Canada Shipping Bill, 245
Dairy Industry Bill, 375
National General Insurance Company Bill, 85, 105
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company Bill, 76, 100

Canada-Newfoundland
Confederation negotiations—report of conference, 3, 9

Canadian Bill of Rights, 162, 165

Canadian National Railways
Additions and betterment budget—year 1948, expenditures less retirements applicable to capital account, 604
Financing and Guarantee Bill, 571, 591, 601, 614

Christmas Recess, 65

Controls, 17, 21, 50, 64

Copp, Hon. A. B., P.C.
Bench, the late Senator J. J., 6
Canada Evidence Bill, 471
Canada Shipping Bill—report of committee, 466, 482; Commons amendments, 546
Canadian Association of Optometrists Bill, 284
Canadian Marconi Company Bill, 328
Canadian Wheat Board Bill, 282
Continuation of Transitional Measures Bill, 280
Export and Import Permits Bill, 180
Foster, the late Senator W. E., 6
Government Bills—participation by Ministers of the Crown in Senate debates, 202
Indian Act—Joint Committee, message from House of Commons, 133
New Westminster Harbour Commissioners Bill, 284
Railway Bill (pro forma), 2
Railway Bill—report of committee, 484
Speech from The Throne, Motion for consideration, 2
Western Pipe Lines Bill, 546

Crerar, Hon. T. A., P.C.
Animal Contagious Diseases Bill, 274
Canadian Co-operative Livestock Packers Limited Bill—report of committee, 355
Canadian Wheat Board Bill, 283, 288, 295, 309
Continuation of Transitional Measures Bill, 282
Dairy Industry Bill, 331
Dominion Elections Bill, 623
Emergency Gold Mining Assistance Bill, 369

Crerar, Hon. T. A.—*Con.*
Export and Import Permits Bill, 183
International Wheat Agreement—motion for approval, 649
Johnston, the late Senator J. F., 477
Manitoba Natural Resources Bill, 526
Report of committee, 645
Molloy, the late Senator J. P., 255
National Parks Bill—report of committee, 355
Pelagic Sealing (Provisional Agreement) Bill—report of committee, 136
People's Fraternal Order Bill, 134
Saskatchewan Natural Resources Bill—report of committee, 587
Tariffs and Trade—Geneva Agreement, 41, 146
Vocational Training Co-Ordination Bill, 423
Western Pipe Lines Bill, 326, 370, 588
Yukon Bill—report of committee, 587
Yukon Placer Mining Bill—report of committee, 587
Yukon Quartz Mining Bill—report of committee, 587

Dairy Industry, 9, 167. 192, 276, 286, 327, 328, 343, 389, 416, 431, 458, 461, 462, 493
Reference of Act to Supreme Court, 499, 536, 552, 638

Davies, Hon. W. Rupert
Address in reply to Speech from the Throne, 88-91
Communism, 91
Cost of living, 89
Excess profits tax, 89
Senate, value of, 89
Unemployment Insurance Commission report, 90
War effort, Canada's, 90
Welcome to Senator Ian Mackenzie, 88
Animal Contagious Diseases Bill, 230
Canadian Wheat Board Bill, 300
Dairy Industry Bill, 350
Dominion Elections Bill, 626
Geneva Agreement—trade with Russia, 40
Income Tax Bill, 659
Salaries Bill, 640

Divorce
Committee, 15; addition to personnel, 91
Problem—Report of Law Clerk, 585
Statistics, progress report, 164, 285; final report, 572, 628

Donnelly, Hon. J. J.
Dairy Industry Bill, 350
Public men, attacks on, 268

Duff, Hon. William
Canada-Newfoundland confederation negotiations, 9
Senate, business of—adjournment. 232, 481

Dupuis, Hon. Vincent
Canada Shipping Bill, 252

Estimates
Discussion, 692
Motion for examination of by Committee on Finance, 534;
Referred to committee, 536

Euler, Hon. W. D., P.C.
Canadian National Railways Financing and Guarantee Bill, 598
Dairy Industry Bill, 9, 167, 276, 448, 461
Reference to Supreme Court—notice of motion, 499; motion, 536
Inquiry, 638
Emergency Gold Mining Assistance Bill—report of committee, 460
Industrial Relations and Disputes Investigation Bill, 609
Prairie Farm Assistance Bill—report of committee, 460
Senate—atmospheric conditions in, 128
Tariffs and Trade—report of committee, 341
Treaties of Peace Bill, 505
Trust and Loan Company of Canada Bill, 120

Export and Import Permits, 150, 162, 165, 180, 215, 235, 326, 337, 356

Fallis, Hon. Iva C.
Address in reply to Speech from the Throne, 92-94
Food, need for greater production, 92; price of, 92, 93; price to the producer, 93, 94
Sales tax, 94
Excise Tax Bill (332), 545
Human Rights and Fundamental Freedoms —Canadian Bill of Rights, 162
Indian Act—report of joint committee, 681

Farris, Hon. J. W. deB.
Address in reply to Speech from The Throne, 151-159
Annexation by Russia of European countries by infiltration, intimidation and force, 155, 156
Canada's strategic position, 158
Disarmament, 152
International situation — necessity for peace, 151
Marshall Plan, 155
Russia and atomic bomb, 152
Russia and the United Nations, 155
Russia's pre-war record, 154
World control of atomic bomb, 156
Canada Evidence Bill, 471
Emergency Exchange Conservation Bill, 203
Foster, the late Senator W. E., 7
McGeer, the late Senator G. G., 7
Prisons and Reformatories Bill, 357
Public men, attacks on, 257

Fats and Oils
Notice of inquiry, 515, 532, 548
Order for return, 548

Ferland, Hon. C. E.
Address in reply to Speech from the Throne, 9-11
Canada's foreign policy, 11
Economic situation, 10
European aid, 10
Export trade, 10
Geneva trade agreements, 9, 10
Housing, 11
Labour code, 11
United Nations, Canada's position, 10

Foster, the late Hon. W. E., P.C.
Tributes to his memory, 4, 5, 6, 7, 8

Geneva Agreements, 3, 29, 45, 141, 160, 327, 341, 357, 462, 467, 482

Gershaw, Hon. F. W.
Address in reply to Speech from the Throne, 11-14
Cattle industry, the, 12, 14
American market, the, 13, 14
British market, the, 12, 13
Prime Minister, the, 12
Reconstruction, 12
Royal Wedding, the, 12
Dominion Water Power Bill, 131, 134
International Wheat Agreement—motion for approval, 652
Maritime Marshland Rehabilitation Bill, 524
Northwest Territories Power Commission Bill, 578
Riley, the late Senator D. E., 414

Gouin, Hon. L. M.
Address in reply to Speech from the Throne, 81-84
Canada's foreign exchange position, 82
Free Trade, 82
Geneva Trade Agreements, 83
National income, 81
Prime Minister King, leadership of, 83, 84
Canada Shipping Bill, 249, 252
Dairy Industry Bill, 406
Divorce statistics—final report of committee, 575
Human Rights and Fundamental Freedoms —report of Joint Committee, 667, 677 (Appendices, 672, 683)
Molloy, the late Senator J. P., 256
National Insurance Company Bill, 200, 235, 538
Riley, the late Senator D. E., 415

Greber Plan, 300, 356, 686

Haig, Hon. John T.
Address in reply to Speech from the Throne, 16-25
Agricultural problems, 20
Controls, 17, 21
Currency and exchange, 18
Geneva agreements, 18-20
Grain marketing, 21-25
Housing, 17
King, Right Hon. W. L. Mackenzie—receipt of Order of Merit, 17
Newfoundland, confederation negotiations, 17
Royal wedding, the, 17
Wheat pools, 24
World conditions, 17
Agricultural Products Act—motion for continuation until March 31, 1948, 69-72
Agricultural Products Bill, 303
Appropriation Bills
No. 1, 319
No. 2, 321
No. 3, 495
Bell Telephone Company of Canada Bill, 106
Bench, the late Senator J. J., 5
Canada Evidence Bill, 473
Canadian Co-operative Livestock Packers Limited Bill, 240
Canadian National Railways Financing and Guarantee Bill, 596
Canadian Veterinary Medical Association Bill, 190, 229
Canadian Wheat Board Bill, 287, 292, 305
Continuation of Transitional Measures Bill, 280
Dairy Industry Bill, 462
Divorce, 29
Statistics—final report of committee, 575
Dominion Bureau of Statistics Bill, 478
Dominion Elections Bill, 590, 619
Dominion Succession Duty Bill, 550, 551
Emergency Exchange Conservation Bill, 215
Emergency Gold Mining Assistance Bill, 368
Excise Tax Bill, 318
Farm Improvement Loans Bill, 214
Felicitations on birthday, 50
Foster, the late Senator W. E., 5
Harmer, the late Senator W. J., 5
Income Tax Bill, 654, 668
Income War Tax Bill, 542, 589, 644
Insurance Companies Bill, 560
International Wheat Agreement—motion for approval, 634
King, Right Hon. W. L. Mackenzie—birthday felicitations, 59
Felicitations on long tenure of office, 342
Mackenzie, Right Hon. Ian—felicitations on award by Edinburgh University, 239
Manitoba Natural Resources Bill, 527, 538, 645
McGeer, the late Senator G. G., 5

Haig, Hon. John T.—*Con.*
Molloy, the late Senator J. P., 255
National Battlefields (Quebec) Bill, 567
National Housing Bill, 510
National Parks Bill, 354
New Westminster Harbour Commissioners Bill, 274
Prairie Farm Rehabilitation Bill, 492
Prisons and Reformatories Bill, 358
Public men, attacks on, 269
Revised Statutes of Canada Bill, 605
Robicheau, the late Senator J. L. P., 191
Rules of Parliament, 160
Saskatchewan Natural Resources Bill, 566
Senate
Atmospheric condition in Chamber, 136. 284
Business of, 232
Committees
Dates of meeting, 240
Divorce—change of personnel, 91
Government Bills—participation by Ministers in Senate debates, 201, 242
Rules of, 143, 534; infringement of, 259; procedure, 515, 667
Tariffs and Trade
Geneva Agreements, 37; reference to committee, 45
Approval of General Agreement, 327
Canada-U.S. Agreement, 462
Their Majesties Silver Wedding Anniversary—address on occasion of, 360
Transitional Measures Act, 1947—continuation, 47
Transport Board (Chief Commissioner) Bill, 602
Trust and Loan Company of Canada Bill, 120
Unemployment Insurance Bill, 427
United States Exchange, 63
Vocational Training Co-ordination Bill, 421
War Service Grants Bill, 116

Hardy, Hon. A. C., P.C.
Dairy Industry Bill, 327, 328
Dominion Succession Duty Bill, 550, 551
Senate Committees—accommodation for members, 233

Harmer, the late Hon. W. J.
Tributes to his memory, 4, 5, 8

Hayden, Hon. Salter A.
Agricultural Prices Support Bill, 647
Canada Shipping Bill, 501
Canadian Slovak Benefit Society Bill—report of committee, 355
Criminal Code Bill (No. 377), 580
Dairy Industry Bill, 431
Emergency Exchange Conservation Bill, 220
Excise Bill, 539
Excise Tax Bill, 544

Hayden, Hon. Salter A.—*Conc.*
Export and Import Permits Bill, 183
Income Tax Bill, 660
Income War Tax Bill, 541
Land Titles Bill, 524
Salaries Bill, 642
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company Bill—report of committee—bill withdrawn, 644; refund of fees, 646
Yukon Bill, 569
Yukon Placer Mining Bill, 408
Yukon Quartz Mining Bill, 409

Horner, Hon. R. B.
Address in reply to Speech from the Throne, 51-54
Agricultural problems, 52
Grain prices, 54
Livestock marketing, 51-53
Trade Agreements, 52
Canadian Wheat Board Bill, 315
Dairy Industry Bill, 178
Emergency Gold Mining Assistance Bill, 368
Estimates—discussion of, 695
Immigration, 113
International Wheat Agreement—motion for approval, 648
National Capital—motion, 687
Robicheau, the late Senator J. L. P., 191
Senate—atmospheric conditions in Chamber, 128

Howard, Hon. C. B.
Dairy Industry Bill, 375

Howden, Hon. J. P.
Dairy Industry Bill, 336
International Wheat Agreement—motion for approval, 648
Manitoba Natural Resources Bill, 526, 527

Hugessen, Hon. A. K.
Address in reply to Speech from the Throne, 95-100
Cold war, 100
Communism, 99
Karl Marx doctrine, 97, 98
International situation, 95
Iron curtain—reasons for, 96
Russia and Western democracies, relations between, 95
United Nations Organization, 100
Canada Evidence Bill—report of committee, 484
Canada-New Zealand Income Tax Bill, 676
Canadian Association of Optometrists Bill, 275
Canadian Legion of the British Empire Service League Bill—report of committee, 460, 474

Hugessen, Hon. A. K.—*Con.*
Canadian Marconi Company Bill, 200, 241
Canadian National Railways Financing and Guarantee Bill, 591
Canadian Veterinary Medical Association Bill, 275
Dairy Industry Bill, 378
Dominion Bureau of Statistics Bill, 479
Report of committee, 484
Dominion Succession Duty Bill, 550
Export and Import Permits Bill, 180
Income Tax Bill, 655
Income War Tax Bill, 540
Loan Companies Bill, 276, 552
Lord's Day Bill, 616
Masaryk, the late Jan—tribute to his memory, 234
National Insurance Company Bill, 275
People's Fraternal Order Bill, 164, 188
Royal Canadian Mounted Police Bill—report of committee, 485
Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada Bill, 136, 142
Treaties of Peace Bill, 504
Unemployment Insurance Bill, 428

Human Rights and Fundamental Freedoms, 162, 165, 166
Draft declaration, 683
Report of joint committee, 667, 672, 677

Hushion, Hon. W. J.
Dairy Industry Bill, 195
National Housing Bill, 510
Salaries Bill, 642

Immigration
Reference to committee, 107
Reports of committee, 115, 644, 663, 669

Income Tax, 532, 540, 544, 563, 588, 644, 645, 654, 662, 667, 668

Indian Act
Joint committee
Message from Commons, 133
Message to Commons, 136
Report of committee, 190, 481, 615, 629, 681, 690

International Wheat Agreement
Motion for approval, 632, 648

International Whaling Convention, 139

Johnston, Hon. J. F.
Canadian Co-operative Livestock Packers Limited Bill, 200, 240, 372
Canadian Wheat Board Bill, 291-297
Prairie Farm Assistance Bill, 409
Rinker Finance Corporation Bill, 136, 159

Johnston, the late Hon. J. F.
Tributes to his memory, 476

King, Hon. James H., P.C. (Speaker)
Address in reply to Speech from Throne—message of thanks from His Excellency, 255
Canada Shipping Bill—Commons amendments, 498, 502, 503
Civil Service Commission report on compensation of Senate staff, 460, 466
Supplementary report, 531, 614
Dairy Industry Bill—ruling *re* speakers, 343
Proposed reference to Supreme Court, 536
Excise Bill—Commons amendments, 531
Export and Import Permits Bill—message from House of Commons, 326
Library of Parliament
Report of Joint Committee, 558
Staff of, 444
Loan Companies Bill, 536
National Insurance Company Bill—Commons amendments, 531
Opening of Session, 1
Participation by Ministers in Senate debates, Rule 18A, 237, 242
Prorogation of Parliament, 696
Royal Assent, 317, 491, 697
Rules of Parliament, 161
Rulings, re
Address in reply to Speech from Throne, 114
Reading editorials, 70
Speaking to Bill, 420
Senate practice and procedure, 148, 164, 515, 532
Their Majesties—reply to address from Senate, 388
Veterans Insurance Bill—Commons amendments, 571
War Service Grants Bill—message from House of Commons, 326
Welcome to Minister of Transport, 242
Yukon Quartz Mining Bill—Commons amendment, 632

Kinley, Hon. J. J.
Canada Shipping Bill, 249, 503
Commons amendments, 546, 577
Dairy Industry Bill, 379
Proposed reference to Supreme Court, 557
Judges Bill, 540
Maritime Marshland Rehabilitation Bill, 523
Robicheau, the late Senator J. L. P., 192
Senate, rules of, 145
Transitional Measures Act, 1947—continuation, 49

Lacasse, Hon. Gustave
Address in reply to Speech from Throne, 114, 129-131
Taxation, 129
Exemptions, 130
"Three year average", 130
Interest on arrears, 130
Over-prolonged heavy taxation, 131

Lacasse, Hon. Gustave—*Con.*
Dairy Industry Bill, 404
Harmer, the late Senator W. J., 8
Unemployment Insurance Bill, 430

Lambert, Hon. Norman P.
Address in reply to Speech from the Throne, 77-81
United Nations, 77
Canadian Wheat Board Bill, 283, 288, 289, 291, 299, 308
Civil Service Commission reports—referred to committee, 614
Dairy Industry Bill, 436, 439
Library of Parliament—report of committee, 563
National Capital—Motion, 688
National Housing Bill, 507
Procedure, 69
Public men, attacks on, 271
Riley, the late Senator D. E., 414
Tariffs and Trade—Geneva Agreement, 38
Treaties of Peace Bill—report of committee, 571

Leger, Hon. Antoine J.
Address in reply to Speech from Throne, 86-88
United Nations, 86
Canada Evidence Bill, 472, 473
Foster, the late Senator W. E., 8
Lord's Day Bill, 615
Northwest Territories Power Commission Bill, 579
Robicheau, the late Senator J. L. P., 191
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company Bill, 103
Transport Board (Chief Commissioner) Bill, 601

Lesage, Hon. J. A.
Dairy Industry Bill, 343
Salaries Bill, 642

Library of Parliament
Civil Service Commission Report—reference to joint committee, 444; report of committee, 558, 563

Mackenzie, Right Hon. Ian A., P.C.
Appropriation Bill No. 3, 495
Award from Edinburgh University, acknowledgment of felicitations, 239
Canada Shipping Bill, 482, 503
Canadian Legion of British Empire Service League, 361, 412, 485
Dairy Industry Bill, 445
Proposed reference to Supreme Court, 536
House of Commons Bills—filing system, 517
Human Rights and Fundamental Freedoms, 165
Introduction to Senate, 76

Mackenzie, Right Hon. Ian—*Con.*
Oils and Fats, notice of inquiry, 515, 532
Order for return, 548
Pension Bill, 486, (Appendix, 490)
Prairie Farm Rehabilitation Bill, 492
Request to have petitions explained, 164
Rules of Parliament, 160
Senate
Business of, 361, 475
Rules and procedure, 164, 515, 531, 532, 534
Tariffs and Trade, 142, 143
United Nations Conference at Geneva—Canada-U.S. Agreement, 467
Unemployment Insurance Bill, 426, 429
Veterans Affairs—inquiry, 498
Vocational Training Co-ordination Bill, 419, 420, 423
War Service Grants Bill, 337

MacLennan, Hon. Donald
Great Britain's purchase of wheat, 71

Marcotte, Hon. Arthur
Addres in reply to Speech from Throne, 185-188
Canadian representatives at Olympic Games, 187
Disarmament, 185
Lend-lease to Russia, 187
Soviet dictators, 186
Sports, their educational value, 188
World situation, 185
Divorce Statistics—final report of committee, 628

Masaryk, the late Jan
Tributes to his memory, 234

McDonald, Hon. John A. (Kings)
Maritime Marshland Rehabilitation Bill, 518

McGeer, the late Hon. G. G.
Tributes to his memory, 3, 5, 7

McIntyre, Hon. J. P.
Dairy Industry Bill, 196
Income Tax—interest, 131

McKeen, Hon. S. S.
Dairy Industry Bill, 438

McLean, Hon. A. N.
Dairy Industry Bill, 334

Milk Production and Utilization, 340

Ministers of the Crown
Participation by in Senate debates, 200, 237, 242

Molloy, the late Hon. J. P.
Tributes to his memory, 255

Moraud, Hon. L.
Public men, atacks on, 272

Murdock, Hon. James, P.C.
Dairy Industry Bill, 403
Proposed reference to Supreme Court, 537
Transport Board (Chief Commissioner) Bill, 602

National Capital
Development of Ottawa, 686

National Housing, 498, 507, 514

Newfoundland-Canada
Confederation negotiations—Report of conference, 3, 9

New Zealand-Canada
Income Tax Agreement, 667, 676

Oils and Fats
Notice of Inquiry, 515, 532, 548
Order for return, 548

Oleomargarine, 9, 167, 192, 276, 286, 327, 328, 343, 389, 416, 431, 458, 461, 462, 493, 499, 515, 532, 548

Ontario Provincial Election, 516

Ottawa
Beautification plan, 300, 356
Development as National Capital, 686

Paquet, Hon. Eugene, P.C.
Address in reply to Speech from the Throne, 65-68
Agricultural and industrial development of Canada, 67
Canada's war effort, 66
Canadian youth, 66
Cardinal Villeneuve, tribute to, 67
Co-operative Association Congresses, 68
Immigration, 68

Parliament
Opening, 1
Prorogation, 696, 697

Paterson, Hon. Norman McL.
Controls, 64
Dairy Industry Bill, 416
Greber Plan—motion, 300
Report of committee, 356
National Capital—Motion, 686
Senate, atmospheric conditions in Chamber, 128, 284

Pensions, 484, 486, 494
Comparative statement — Canada-United States, 490

Prime Minister, the
Birthday felicitations, 59
Felicitations on length of term in office, 342

Printing of Parliament
Report of Joint Committee, 389

Privilege
Reflection on senator, 275

Public men, attacks on, 257

Quinn, Hon. Felix P.
Canadian National Railways Financing and Guarantee Bill, 596
Dairy Industry Bill, 442
Eastern Trust Company Bill, 107, 121
National Battlefields (Quebec) Bill, 568
Salaries Bill, 641

Riley, the late Hon. D. E.
Tributes to his memory, 413

Robertson, Hon. W. McL., P.C.
Address in reply to Speech from the Throne, 25-28, 50
Agriculture, 26-27
Canada's Economic situation, 26, 28
Currency and Exchange, 25
Export trade, 25, 27
Prices, 27
World conditions, 27
Agricultural Prices Support Bill, 628, 647
Agricultural Products Act—postponement of motion for continuation, 65
Motion for continuation until March 31, 1948, 69
Agricultural Products Bill, 302
Animal Contagious Diseases Bill, 190, 230
Appropriation Bills
No. 1, 318
No. 2, 320
No. 3, 486, 495
No. 4, 696
Bankruptcy Bill, 499, 529
Bell Telephone Company of Canada Bill, 106
Canada Evidence Bill, 444
Canada-New Zealand Income Tax Agreement Bill, 667, 676
Canada Shipping Bill, 190, 242, 278, 501, 577
Canadian National Railways Financing and Guarantee Bill, 571, 591, 598, 614
Canadian Trade Relations Committee, addition to personnel, 65
Canadian Wheat Board Bill, 286, 289, 290, 300, 301, 303
Correspondence tabled, 316 (Appendix, 322)
Civilian War Pensions and Allowances Bill, 618, 647
Criminal Code Bill, 569, 580, 645
Criminal Code (Race Meetings) Bill, 499, 514, 517

Robertson, Hon. W. McL.—*Con.*
Customs Bill, 618, 646
Customs Tariff Bill (No. 173), 318
Customs Tariff Bill (No. 333), 548, 559
Dairy Industry Bill, 389
Inquiry, 286, 638
Reply to inquiry 328,
Proposed reference to Supreme Court, 537, 552
Department of National Defence Bill, 632, 647
Diplomatic Service (Special) Superannuation Bill, 605, 617, 638
Divorce Statistics—final report of committee, 574
Dominion Bureau of Statistics Bill, 431, 477
Dominion Elections Bill, 571, 590, 618, 638
Dominion Succession Duty Bill, 532, 550
Dominion Water Power Bill, 115, 131, 133
Emergency Exchange Conservation Bills
No. 3: 190, 203, 223, 238
No. 397: Bill, 674
Emergency Gold Mining Assistance Bill, 326, 361
Estimates—discussion of, 692, 694
Motion, 534; referred to committee, 536
Excise Bill, 577
Excise Tax Bills
No. 172: 317
No. 332: 532, 544
Excise Tax Bill (332), 532, 544
Export Credits Insurance Bill, 326, 338
Export and Import Permits Bill, 150, 162, 165, 338
Farm Improvement Loans Bill, 190, 213, 215
Foreign Exchange Control Bill, 674
Geneva Trade Agreement, 160
Haig, Hon. John T.—birthday felicitations, 50
Human Rights and Fundamental Freedoms
Committee, notice of motion for appointment, 162
Motion for appointment, 166
Appointment of Committee, 340
Report of Committee, 692
Documents tabled, 165
Immigration—report of committee, 671
Income Tax Bill, 644, 654, 655
Income War Tax Bill—amendments referred to committee, 588, 645
Indian Act—Joint Committee—Message to the House of Commons, 136
Report of Joint Committee, 681
Industrial Relations and Disputes Investigation Bill, 605, 606, 632
Insurance Companies Bill, 548, 559, 562
International Whaling Convention—motion, 139
International Wheat Agreement—motion for approval, 632, 653
Judges Bill, 531

Robertson, Hon. W. McL.—*Con.*
King, Right Hon. W. L. Mackenzie
Birthday felicitations, 59
Felicitations on length of term in office, 342
Land Titles Bill, 499, 524
Lethbridge Herald, Fortieth Anniversary, 74
Loan Companies Bill, 76, 159, 229, 276
Commons amendments concurred in, 552
Lord's Day Bill, 587, 605, 615, 616, 644
Mackenzie, Right Hon. Ian—felicitations on award by Edinburgh University, 239
Manitoba Natural Resources Bill, 499, 525
Mail Contracts Supplemental Payments Bill, 498, 517, 535
Maritime Marshland Rehabilitation Bill, 498, 518
Masaryk, the late Jan—tribute to his memory, 234
National Battlefields (Quebec) Bill, 558, 566, 577
National Capital—motion, 686, 687
National Housing Bill, 498, 507
National Parks Bill, 326
National Railways Auditors Bill, 76, 117, 129
New Westminster Harbour Commissioners Bill, 274
North Fraser Harbour Commissioners Bill, 326, 353, 357
Northwest Territories Bill, 76, 115, 129
Northwest Territories Power Commission Bill, 558, 578
Oleomargarine—proposed inquiry, 493
Pelagic Sealing (Provisional Agreement) Bill, 86, 117
Penny Bank Bill, 239, 278
Pensions Bill, 484, 486, 494
Prairie Farm Assistance Bill, 409
Prairie Farm Rehabilitation Bill, 491, 496
Prisons and Reformatories Bill, 328, 357, 361
Quebec Savings Banks Bill, 558, 563
Railway Bill, 341, 359
Revised Statutes of Canada Bill, 587, 605, 617
Royal Canadian Mounted Police Bill, 476, 483
Rules of Parliament, 160
Salaries Bill, 605, 638, 643
Saskatchewan Natural Resources Bill, 558, 565
Senate
Adjournments, 135, 189, 516, 549
Atmospheric condition in Chamber, 136
Business of, 14, 76, 86, 115, 122, 135, 160, 200, 232, 239, 276, 320, 465, 481, 588, 668, 674, 682, 690, 696
Christmas recess, 65
Committees—additions to personnel, 167, 215, 425, 615
Dates of meeting, 240
Emergency sittings, 239

Robertson, Hon. W. McL.—*Con.*
Senate—*Conc.*
Government Bills—participation by Ministers in Senate debates, 200
Introduction of Right Hon. Ian A. Mackenzie, 76
Rules of, 145
Suspension of, 286, 317, 549
Senators
Deceased, 3, 16, 190, 255, 413, 476
New, 76
Tariff Board Bill, 571, 591
Tariffs and Trade
Geneva Agreements, 3, 29-37, 141, 494
Canada-U.K., and Canada-U.S. Agreements, 341, 357, 482, 494
Original motion withdrawn, 357
Their Majesties' Silver Wedding Anniversary—address on occasion of, 360
Transitional Measures Act, 1947—continuation, 46
Revocation of Orders in Council, 57
Transport Board (Chief Commissioner) Bill, 601
Treaties of Peace Bill, 498, 504
Unemployment Insurance Bill, 413, 426
Veterans Rehabilitation Bill, 571, 590, 614
Veterans Insurance Bill, 76, 115, 162, 589, 614
Vocational Training Co-ordination Bill, 341, 417
War Service Grants Bill, 76, 116, 337
War Veterans' Allowance Bill, 571, 589, 614
Yukon Bill, 558, 569
Yukon Placer Mining Bill, 328, 408
Yukon Quartz Mining Bill, 328, 409, 632

Robicheau, the late Hon. J. L. P.
Tributes to his memory, 190

Roebuck, Hon. Arthur W.
Address in reply to Speech from the Throne, 59-64
Adverse balance of trade, 60, 61
Controls, 63, 64
Devaluation, 62
Dollar crisis in Canada, 60
Foreign Exchange, 61, 62
Gold mining in Canada, 61
Multilateral trade, 61
United States Exchange (government monopoly), 61
Canada Shipping Bill, 253
Canadian National Railways Financing and Guarantee Bill, 596
Canadian Slovak Benefit Society Bill, 275, 301
Canadian Wheat Board Bill, 292
Dairy Industry Bill, 179
Proposed reference to Supreme Court, 552
Dominion Elections Bill, 627
Emergency Exchange Conservation Bill, 227

Roebuck, Hon. Arthur W.—*Con.*
Export and Import Permits Bill, 183
Human Rights and Fundamental Freedoms, 166
Report of Joint Committee, 679
Immigration, 107
Industrial Relations and Disputes Investigation Bill, 606
Lord's Day Bill, 617
People's Fraternal Order Bill, 86, 134
Rules of Parliament, 161
Tariffs and Trade
Geneva Agreement, 43
Toronto, Hamilton and Buffalo Railway Company and Canadian National Railway Company Bill, 104
Transitional Measures Act, 1947—continuation, 46
Vocational Training Co-ordination Bill, 417

Royal Assent, 317, 321; 491, 496; 697

Senate
Atmospheric conditions in Chamber, 128, 136, 284
Business of, 14, 44, 76, 86, 115, 122, 135, 160, 200, 232, 239, 276, 320, 465, 475, 481, 515, 668, 674, 682, 690, 692, 696
Committees:—
Appointment, 2, 3, 16, 133, 136, 162, 166
Business, 190, 240, 274
Personnel, 15, 91, 136, 166, 167, 215, 425, 615
Debates—participation in by Ministers of the Crown, 200
Emergency sittings, 238
Filing system for bills, 517
Government legislation introduced in, 668
Procedure
Introduction of Bills, 361
Motions—require to be seconded, 404
Presentation of petitions, 164
Proposal to reform, 515, 534
Reference to committee of subject-matter, 160
Resolutions—discussion limited, 142, 160
Rule 18-A: participation by Ministers of the Crown in Senate debates, 200, 237, 242
Rules, suspension of, 286, 317, 549
Rules and procedure, proposal to reform, 515, 534
Staff—Civil Service Commission reports referred to committee, 460, 466, 531, 614; reports of committee, 476, 548, 632

Senators
Deceased, 3-9, 190, 255, 413
New, 76

Shipping, 190, 242, 277

Sinclair, Hon. J. E., P.C.
Canadian Wheat Board, 313
Customs Tariff Bill—report of committee, 571
Dominion Elections Bill, 621, 624
Excise Bill—report of committee, 563
Excise Tax Bill—report of committee, 563
Income War Tax Bill—report of committee, 563, 644
Maritime Marshland Rehabilitation Bill—report of committee, 548
Salaries, 642
Senate, Rules of, 404

Speech from the Throne, 1, 701
Address in reply
Motion for, 9; adopted, 188
Motion for consideration of, 2
Speakers:—Hon. Senators Beaubien, A. L., 114; Burchill, 54; Davies, 88; Fallis, 92; Farris, 151; Ferland, 9; Gershaw, 11; Gouin, 81; Haig, 16; Horner, 51; Hugessen, 95; Lacasse, 114, 129; Lambert, 77; Leger, 86; Marcotte, 185; Paquet, 65; Robertson, 25, 50; Roebuck, 59
Message of thanks from His Excellency, 255

Tariffs and Trade
United Nations Conference at Geneva
General Agreement, 3, 29-45, 141, 160, 327; motion withdrawn, 357
Subject-matter referred to committee, 45; report of committee, 341
Substitute Motions: Canada-U.S. Agreement, 341, 357, 462, 467, 482, 494
Canada-U.K. agreement, 341, 357

Taxation
Canada-New Zealand agreement, 667, 676, 677
Customs, 318, 548, 559, 571
Excise, 317, 318, 531, 532, 539, 544, 563, 577
Income Tax, 129, 644, 654, 667, 668
Income War Tax, 532, 540, 544, 563, 588, 644, 645
Succession Duty, 533, 550, 551

Taylor, Hon. W. H.
Indian Act—reports of Joint Committee, 190, 481, 615 (Appendix 629); 690

Their Majesties
Address on the occasion of their Silver Wedding Anniversary, 360
Reply to Address 388

Tourist Traffic
Report of committee, 274

Transitional Measures Act
Continuation until March 31, 1948, 46; until March 31, 1949, 280, 282, 285
Revocation of Orders in Council, 57

Turgeon, Hon. J. G.
Canadian Association of Optometrists, 190, 229
Dominion Elections Bill, 618
Emergency Gold Mining Assistance Bill, 361
Maritime Marshland Rehabilitation Bill, 522
New Westminster Harbour Commissioners Bill, 274
Pelagic Sealing (Provisional Agreement) Bill, 117

United Kingdom-Canada
Tariffs and trade—General Agreement, 3, 29, 45, 141, 160, 327, 341, 357

United Nations
Trade and Employment—Final Act of the second session of preparatory committee, 3

United States-Canada
Tariffs and Trade—General Agreement, 3, 29, 45, 141, 160, 327, 341, 357

Vaillancourt, Hon. Cyrille
Bouffard, Hon. P. H., felicitations on appointment as Batonnier General, Province of Quebec, 500
Dairy Industry Bill, 192
King, Right Hon. W. L. Mackenzie, felicitations on length of term in office, 342
Quebec Savings Banks Bill, 565
Robicheau, the late Hon. J. L. P., 192

Veterans
Affairs, inquiry, 498
Allowance, 571, 589, 614
Insurance, 76, 115, 138, 159, 162, 571, 589, 614
Pensions 484, 486, 494
Rehabilitation, 571, 590, 614
War Service Grants, 76, 116, 138, 326, 337, 356

Vien, Hon. Thomas, P.C.
Canada Evidence Bill, 474, 479
Canadian Wheat Board Bill, 311
Immigration, 111
International Whaling Convention—Motion, 140
Senate
Committees, accommodation for members, 233
Rules of, 144
Tariffs and Trade
Canada-U.S. Agreement, 494
Trust and Loan Company of Canada Bill, 100, 119

Whaling
Motion to approve International Convention, 139

Wheat
Motion for approval of International Agreement, 632, 648

White, Hon. G. V.
Pension Bill, 488
Printing of Parliament—report of Joint Committee, 389
Staff of the Senate
Civil Service Commission reports, referred to committee, 460, 466, 531
Internal Economy Committee reports, 476, 548, 632
War Veterans Allowance Bill, 589

Wilson, Hon. Cairine R.
Dairy Industry Bill, 444
Immigration—report of committee, 115, 644 (Appendix 663), 669
Industrial Relations and Disputes Investigation Bill, 632
Masaryk, the late Jan—tribute to his memory, 235
Unemployment Insurance Bill—report of committee, 476
Vocational Training Co-ordination Bill, 444